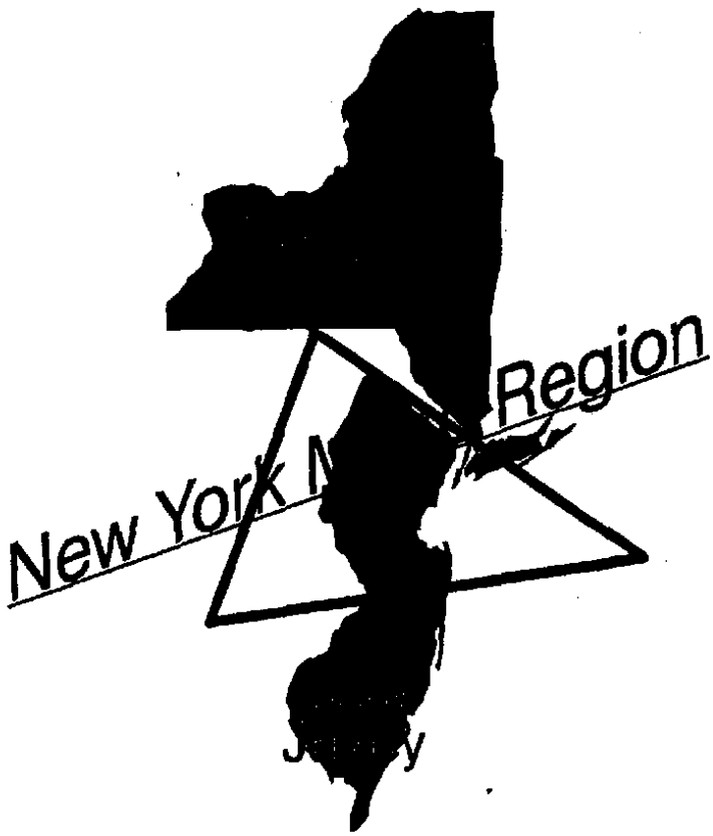
RORY

Mid-Quarter Update



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May 19, 1994

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Region Meeting Agenda

Region Office
Thursday May 19. 1994
Business Attire
9:30 AM

Mark Young	Tony Addessi
Ed McAtee	Lee Maney
Rory O'Rourke	John Miller
Nick Kuruc	Steve Grossberg
Jim Jones	Floyd Cook

* **Region Business Review**

* **Regional Contrabution Statements**

* **Additional Part Time Budget (attachment)**
  * Funds are approved / totally flexable on how you implement
  * Now how will you use the additional funds to build FP & Savings Share.
  * What will your additional PT's specifically do?

* **$1,000,000 additional Promotional Budget (full price)**
  * What programs are you planning to implement in your division.
  * How can we use this money in Direct Accounts to penetrate the Low Volume calls?

    Distributor Assist Programs

    Sub-Jobber Programs

  What programs do you have decked up?

* **3rd Quarter Work Plan (attachment)**

* **Permanent/Temporary - Enhanced Presence Contract (New)**

* **Additional Merchandising Opportunities**
  * Now that we've resigned all contracts, and have achieved our needed budget cuts..... ..... what opportunities are now in your division where we need to gain exposure?

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* **Savings Category Issues:**
  * Doral vs. Monarch
  * Monarch $1.50 chain contract
  * PL / Forsyth brands
  * What is competition doing in your division
  * What do we need to do to grow our share of the savings category / your division?

* **Special NYMetro Decals**

* **One Sheet Program**

* **"With a Full Plate ..... What is Important?"**
  * Do we take a FOCUSED approach
  * What do we Focus on .... and when?
  * What are the Most Important objectives in your division for the next 3 months?

Chain Account Managers:

* Full Price Business in your Chains:
  * What are your action plans for the chains.... to build our FULL PRICE share?
  * How will we improve our brand presence

* What programs will grow our share of the Savings Segment?
  * What actions plans are developed to deal with the chains where competition controls the Lion's share of the savings category.
  * What is competition doing in your chain stores?
  * How will we improve our brand presence?

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2

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Section #1
"Region Review"

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

R J Reynolds
Tobacco Company

SECRET & CONFIDENTIAL

JAMES C. SCHROER
Executive Vice President
Marketing and Sales

Winston-Salem, NC 27102
919-741-2202

April 19, 1994

To: ALL WINSTON-SALEM-BASED
SALES AND MARKETING MANAGERS (AIAP Group)

Subject: **Q1 1994 PERFORMANCE UPDATE**

With one-fourth of '94 already behind us, and given that incentive compensation for all of us is tied directly to our financial (OCC) and marketplace (Share) performance, I'd like to take this opportunity to update all of you on:

1. Where we stand today vs. our objectives.
2. What we need to focus on today to achieve our objectives for '94, and beyond.

1. WHERE WE STAND TODAY

RJRT is running slightly ahead (+$15 million in OCC for Q1) of our plan to achieve $1.4 billion OCC through Q1. For AIAP managers (70% of bonus opportunity) and SIAP managers (50%) this is great news. There are three reasons for our strong OCC performance to date:

- Full Price Brand Shipments exceeded our first quarter forecast by 1.6 billion cigarettes.
- DORAL shipments exceeded our Q1 forecast by .6 billion cigarettes. So, though shipments of our lowest price cigarettes were .8 billion short of forecast, we actually made more money in Savings since DORAL is more profitable than Lowest.
- We are all managing to the lower cost levels that we worked hard (and painfully) to achieve.

Our share performance (15% of incentive opportunity for most of you) is mixed. The good news is that through February, we are achieving our two most important short-term objectives:

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

- SOFP in February MARLIN was 25.6, holding the same 25.6 we had in December of '93. (Note: A 25.5 SOFP in MARLIN is equivalent to the 24.5 SOFP share of industry FP consumption goal previously communicated to you. We didn't have the MARLIN data in when the '94 goal was originally set; now we do. A 25.5 SOFP in MARLIN is, as near as we can call it, equivalent to selling 72 billion FP cigarettes in '94, which is the volume target already given to you by Yancey Ford. Our current ship rate is actually greater than 72 billion, and if there is no FET in '94, we should be able to beat this number!

- SOS is holding--was 35.6% in February vs. 35.5% in December '93. So, we are achieving our objective of holding SOS.

However, we are running behind on our key long-term objectives in Full Price:

- CAMEL's SOFP in February was 5.84, up only fractionally vs. the 5.77 that CAMEL has averaged since the price rollback last year. Our +.5 SOFP goal on CAMEL is definitely a stretch objective. We have to beat CAMEL '94 volume forecast by over 1.0 billion units (i.e., sell 73 bil. FP sticks vs. 72) to hit CAMEL's goal. We simply must begin to grow CAMEL's SOFP to achieve earnings objectives after '94--so we need to keep appropriate pressure on CAMEL to begin to make progress against the CAMEL SOFP objective.

- WINSTON SELECT slipped from a 1.03 SOM in December '93 to .93 SOM in February. SELECT shipments were also behind our plan by -218 million sticks in Q1. Our 1.1 SOM objective, similar to CAMEL's objective, is definitely a stretch goal. But, with 80% of (base) WINSTON's smokers at 35 years or older, and given the extreme difficulty of getting smokers under 35 years old to switch to WINSTON, we simply have to take some risks to build WINSTON SELECT as our "WINSTON" for the future, as WINSTON's older franchise "ages out." Without WINSTON SELECT, we won't be able to achieve earnings targets after '94.

RJRT must generate a "Quantum Leap" in SOFP over the next several years to grow earnings. Our two best bets for doing that are CAMEL and WINSTON SELECT. Should we fail to build those brands for the future, we will be in a FP volume/share decline/cost-cutting mode that none of us want to manage. Yes, growing SOFP on these two brands is much harder and much slower than "buying" short-term FP volume on our larger, aging franchise brands. It's harder than holding SOS. But, that is why "disproportionate" resources must be applied behind these two investments.

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We also need to be mindful of the fact that PM is more aggressive in '94 than we assumed (hoped!) they would be. We have seen that in merchandising already, and we are about to see an aggressive Marlboro drive with heavy promotion in-store presence, and direct marketing under the "Country Store" banner.

2. WHAT WE NEED TO FOCUS ON TODAY

As Business Managers, we all have to understand and achieve a tricky balance between short-term and longer-term objectives. Clearly, our paramount objective in '94 is a short term one. We must prove that we can get RJRT earnings (OCC) up, at least to $1.4 billion in '94. That's why the lion's share of our incentive bonus is based on OCC. As was shown in Q1, we do that by beating our total FP volume forecasts, hitting our 25.5 (Marlin) SOFP objectives, and holding SOS by driving our most profitable brands (DORAL) while staying competitive in Lowest.

The "tricky" part is to set priorities and allocate resources (budget $s, display space, etc.) to maximize our odds of achieving all four objectives. We can ill afford to miss our short-term SOFP and SOS objectives. And, we must build two FP brands for our future success.

I am well aware that there is considerable unrest in our organization right now over whether or not we have this balance right. Many are concerned that we have relatively "too much" behind CAMEL (particularly CAMEL Special Lights) and SELECT, and not enough support behind the "big FP volume" (base WINSTON, SALEM, VANTAGE). Others are concerned that we don't have enough (of all the right stuff) to make CAMEL and SELECT grow for the future. Many are concerned that our stretch objectives on CAMEL and SELECT are "forcing" us to make resource allocation decisions that put "too much" on CAMEL (CSL) and SELECT and not enough on our "big FP volume".

To all of you who are concerned, welcome to the world of "business management"! You are concerned about the right issues! We moved AVPs to Winston-Salem, initiated Co-Planning, moved to Decentralization & Empowerment, share all elements of marketing spending with field sales, and encourage marketing people to spend as much time in the field as is reasonably possible, all for the purpose of achieving a better balance in how we allocate precious brand defense and brand-building resources.

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There is no simple way to resolve this balance of resources issue. Both "Sales" and "Marketing," co-planning as business managers, must work together to develop the right balance, and it will take time for us to get really good at it.

As everyone works together on this, there are a few things that I'd ask you to keep in mind.

A. Using Objectives as an excuse for making a bad business decision is unacceptable behavior. Too often, whether it's, "I didn't defend Best Value because I was given the objective of doubling distribution on MONARCH," or "I'm using too much PCD space on SELECT or CSL because Jim Schroer wants us to hit a 1.1 SOM on SELECT and a +.5 on CAMEL," there is a tendency to use objectives, or guidelines, as a reason why you are being "forced" to do something you think is wrong. You must understand our objectives, understand why CAMEL and SELECT are so important for the future, understand that hitting our SOFP objective in total is critical to our '94 OCC, and then make the $ resource or display space allocation you think is right. So, we all must give our best efforts to achieving and beating all four objectives. You will be rewarded more for standing up and doing what you think is right as you strive to hit all four. You will be penalized for hiding behind objectives and guidelines as an excuse for doing something you think is wrong.

B. Everyone in Sales and Marketing must develop a better understanding of "Offense" (programs to get smokers to switch brands) and "Defense" (Franchise Retention).

We can get more short-term volume with a 30-40¢ off deal on WINSTON than we can on SELECT. But, we know that the WINSTON volume goes right back down after the deal because few, if any, Marlboro smokers, especially those under age 35, will switch to WINSTON. However, on SELECT, despite the fact that many Savings smokers bought SELECT once or twice on our big B1G1F, and they think SELECT is WINSTON's "Generic," some (not enough, yet) Marlboro smokers have actually switched to SELECT because we have a great name, a great product, and we dared to say SELECT is as good as a Marlboro. Those who switched weren't into the cowboy stuff.

In a few months, we are going to try to get some more Marlboro smokers to switch. We are going to give them a reason to believe SELECT is a better product because it has select, aged tobaccos and you "can't rush smooth flavor." We're going to do that with POS, packinserts, and the message on the carton (not with mega ad bucks). To get them to notice this "product news," and to try SELECT, we will offer a B3G3F. We're trying to avoid the "bottom dwellers" this time by asking for a 3-pack commitment. That may slow down the movement but increase the potential

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switching. So we need to have patience and put this into high potential, long-term switch calls, not drop a B3G3F through Indian outlets to move it fast.

SELECT is a tough, speculative, risky venture with a high potential for failure, and a reasonable chance of success. First we made it different from WINSTON, then as good as Marlboro, this summer--better than Marlboro, and we have plans to give Marlboro smokers more reasons to switch to SELECT in the future--both more product reasons and image reasons. It's slow, it's tough, but it's a better bet to gain switchers from Marlboro than investing to get switchers to (base) WINSTON. The job on WINSTON is to hold the franchise as best we can.

C. On our "Grow SOFP" Brands (CAMEL & SELECT) "big" switching investments have the best odds of success (rather than a series of little promos). We should pulse "big" promos (e.g., 30-40¢, or B3G3F) when (and only when) we are also giving smokers a reason to switch and stay switched. A series of little deals with no reason to switch is probably a waste of money.

Conversely, a series of small deals (on a franchise defense brand) may help keep smokers in the franchise rather than switch to savings. Said differently, the "$2.00" guideline on WINSTON makes sense, it does not on SELECT.

D. The scoring of our four Share Objectives for AIAP is intentionally qualitative. As was outlined to all of you previously, I am going to score (the 15% share portion of the program objectives) for headquarters personnel based on my judgment of how well we performed against all four objectives. Regions will be scored by Yancey Ford and AVPs on whether they contributed positively or negatively to the achievement of our national objectives. Region program scores will be ratioed down, same, or up versus the national program score. There is no mathematical formula for determining how much money is tied to any one of our four objectives. While many of you have set your own objectives, which I applaud, for measuring your own sense of success or failure, your incentive award will be determined as described above. If we were scoring Q1, we'd get approximately a 125 – 150s for hitting SOFP and SOS and 100 for being a little behind on CAMEL and SELECT.

Finally, there are two things I am going to ask you all to do. We want Region Managers to do what they believe is right. We want AVPs to coach and help RSMs do this. We want Brand BUs to give Sales the tools needed to achieve all four objectives. We don't want BUs or AVPs "over-guidelining/instructing" and RSMs feeling under-empowered. Therefore:

- First thing: Given Marlboro's aggressiveness and our need to strike a better balance between offense and defense, we are establishing a new Regional "make

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the FP objectives" fund. This $26 million Q2-Q4 '94 fund ($1 million for each Region Manager, $2 million for Yancey Ford to manage with AVPs and National Account Directors for cross-region chains) is for RSMs to use on whatever they decide is most important to achieve FP objectives in their region. You can opt to use this fund to promote any FP brand--you can use it for displays, direct marketing, SME promos, distributor assist, etc. There is only one guideline: use your head and your heart and do what you think is right on your FP business.

- Second thing: FP Business Unit people, AVPs, and DSOs will make a serious effort to go out into the field and work with RSMs over the next several months as a first step on co-planning FP business strategy and tactics for '95. This effort is not designed to look over an RSM's shoulder or tell him what to do; we've done too much of that. It is designed to 1) help RSMs and their people better understand our short- and long-term objectives and brand strategies; 2) give RSMs "permission" and any help they need to decide what to do in their pursuit of what is right for their specific market; and 3) help Winston-Salem personnel gain a richer, "co-planning" understanding of the unique aspects of each market, so we can achieve a better allocation of all resources and better decentralized, empowered decision-making without "over-guidelining" in 1995.

I hope this lengthy memo is helpful to you. I hope it spurs much discussion and co-planning teamwork. I hope it is another step in the direction of moving all of us to make smart business decisions rather than blind adherence to guidelines.

Most importantly, I hope you all see that we are off to a good start in '94, and we have a great shot at a tremendous year in '94. Three more quarters like Q1 will be good (program score=125), hitting all four objectives would be great (score≅150), and beating all four would be truly outstanding (score≅200). I'm shooting for 200, and am committed to doing everything we can do to get there. How about you?

James C. Schroer

jh

cc: Mr. J. W. Johnston
Mr. R. W. Kauffeld, Jr.
Mr. K. J. Lapiejko

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9

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1994 Bonus Plan Share Goals
Marlin Consumer Take-away

Actual		Monthly Goals / will be adjusted									
Jan	Feb	Mar	Ap	May	June	July	Aug	Sept	Oct	Nov	Dec
Full Price Share of Category											
17.17%	17.23%	17.25%	17.25%	17.25%	17.25%	17.25%	17.25%	17.25%	17.25%	17.25%	17.25%
Savings Share of Category											
25.12%	24.14%	24.63%	24.63%	24.63%	24.63%	24.63%	24.63%	24.63%	24.63%	24.63%	24.63%
Winston Select Share of Market											
0.50%	0.54%	0.66%	0.64%	0.62%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Camel ex. NF .... share of FP category											
2.58%	2.69%	2.73%	2.76%	2.79%	2.82%	2.85%	2.88%	2.88%	2.88%	2.88%	2.88%

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Marlin Consumer Take-away Share
Customer Base New York Metro Region

"Updated May to reflect entire NYM"

			Stores	
Supermarkets			26	
	Foodarama	*Pathmark*		
	Village S/R	*A & P*		
	Acme	*Kings*		
	Grand U.	*Mayfair F/T*		
	Weisek F/T	*Manyfoods*		
	Vitale F/T	*Davidson F/T*		
	Independents			
Small Foods ..... Independents			35	
Drug Stores			14	
	Rite Aid	*CVS*		
	Drug Fair	*Thrift*		
	Super X	*Walgreens*		
Conv./Gas			12	*(Conv. Stores)*
	Quick Chek	*Exxon Conv.*	3	*(Gas outlets)*
	Hess	*Cumberland F.*		
	Independents			
Discount Stores			12	
	K-Mart			
	Drug Fair			
	Genovese Drugs			
Liquor Stores			5	
Tobacco Newstands			19	
Cigarette Outlets			3	

Total Marlin Stores **129**

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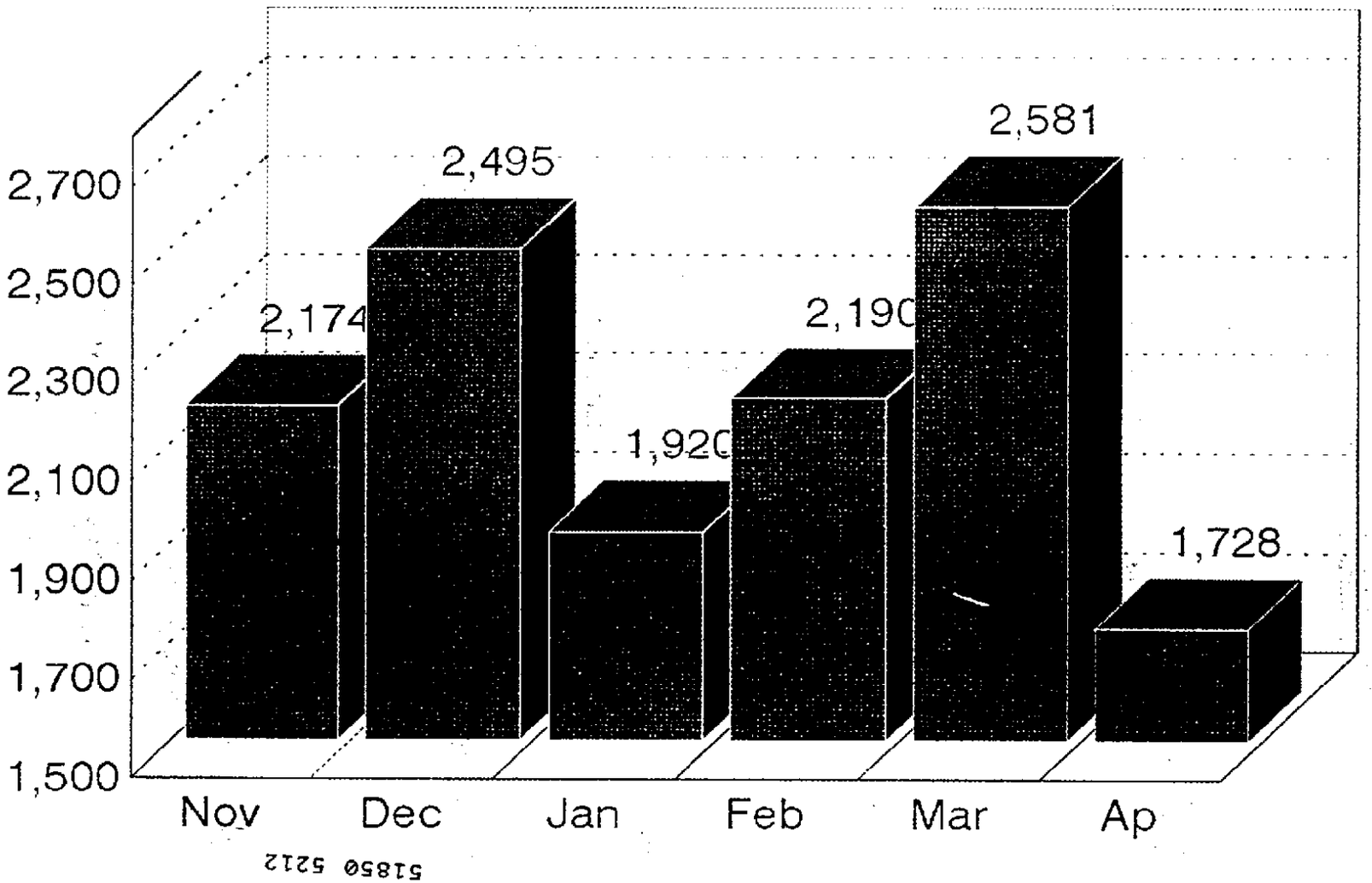
Camel Family

"monthly shipments"



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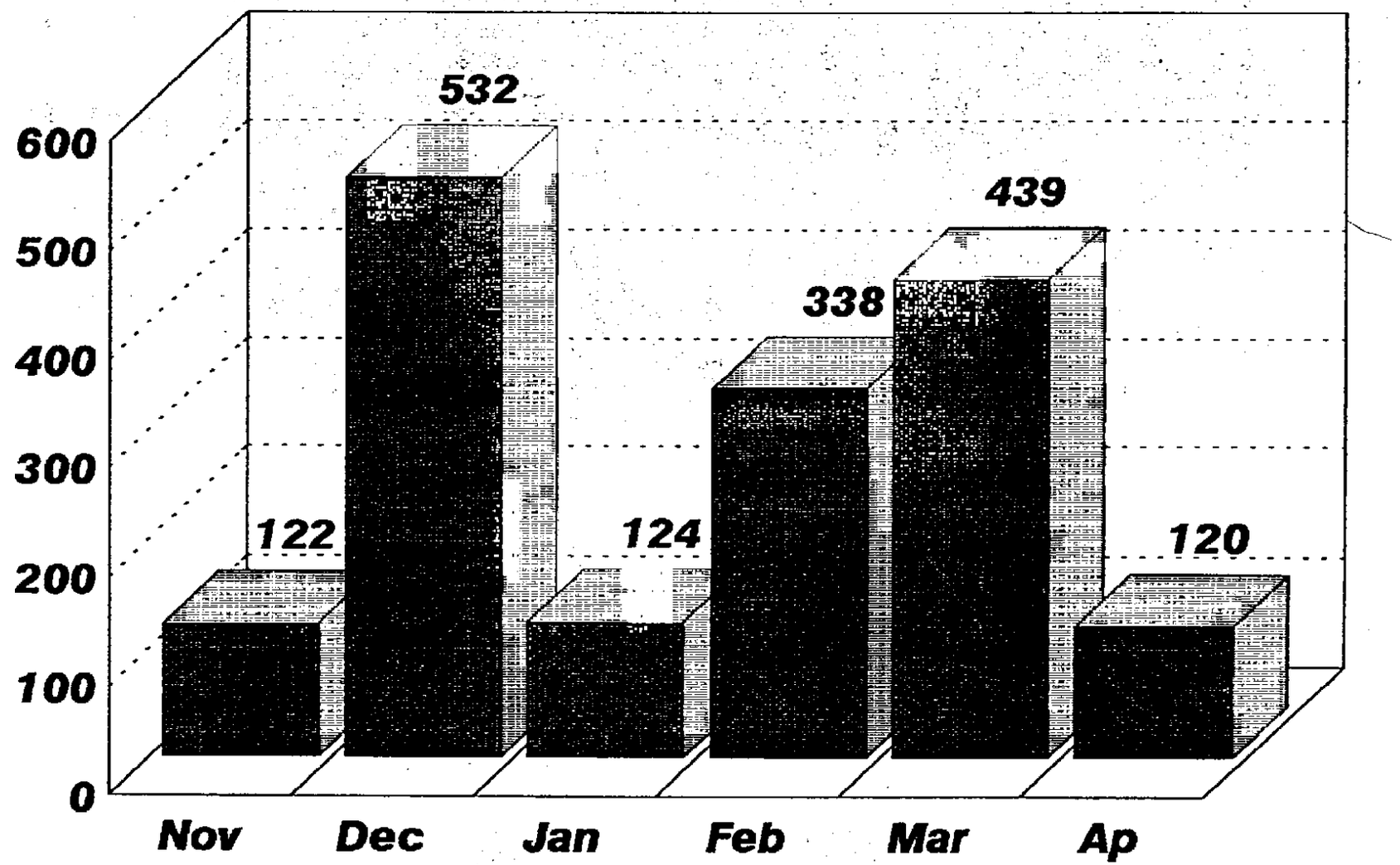
Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Camel Special Lights
"monthly shipments"



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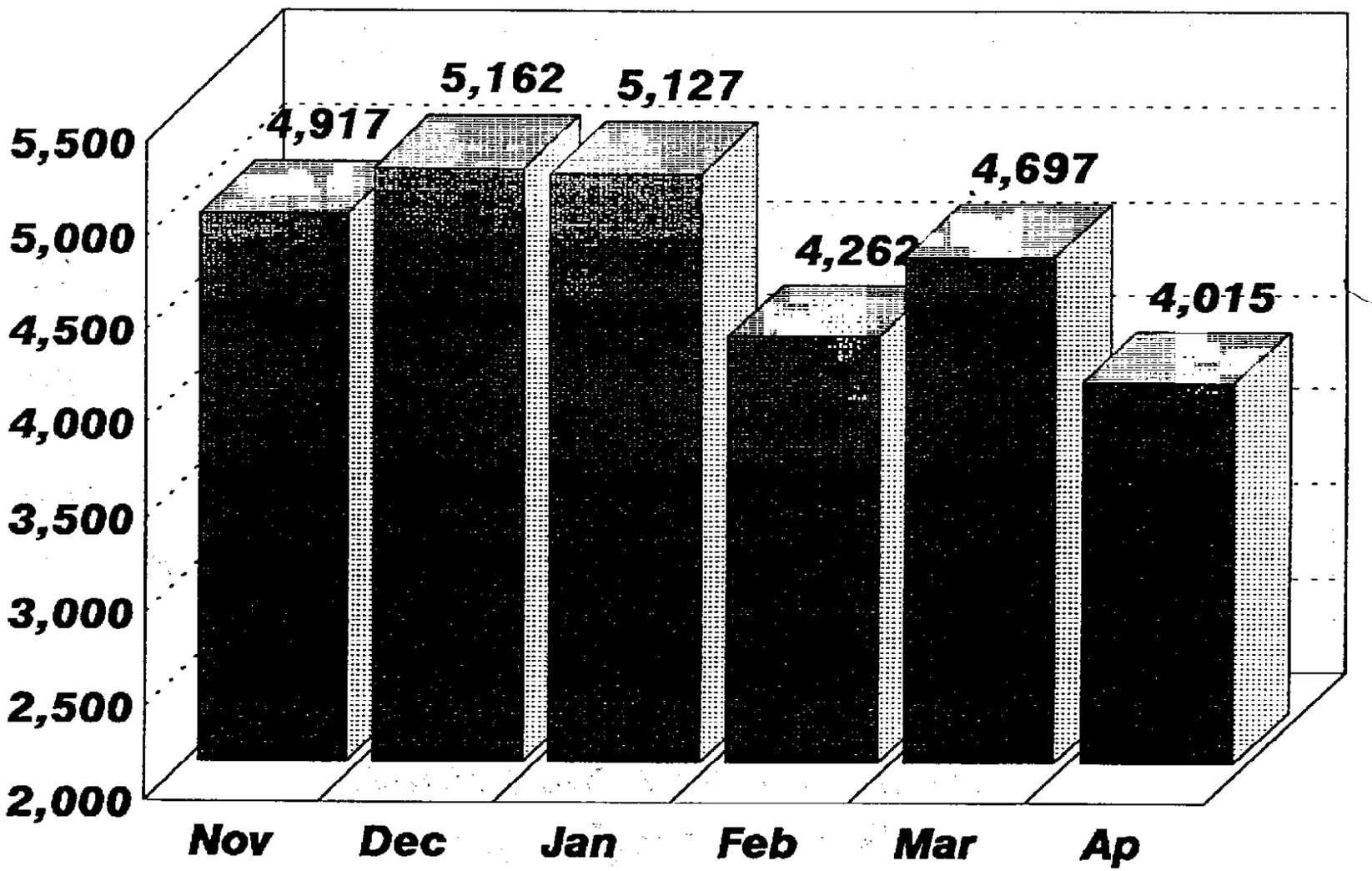
Winston Family
"monthly shipments"



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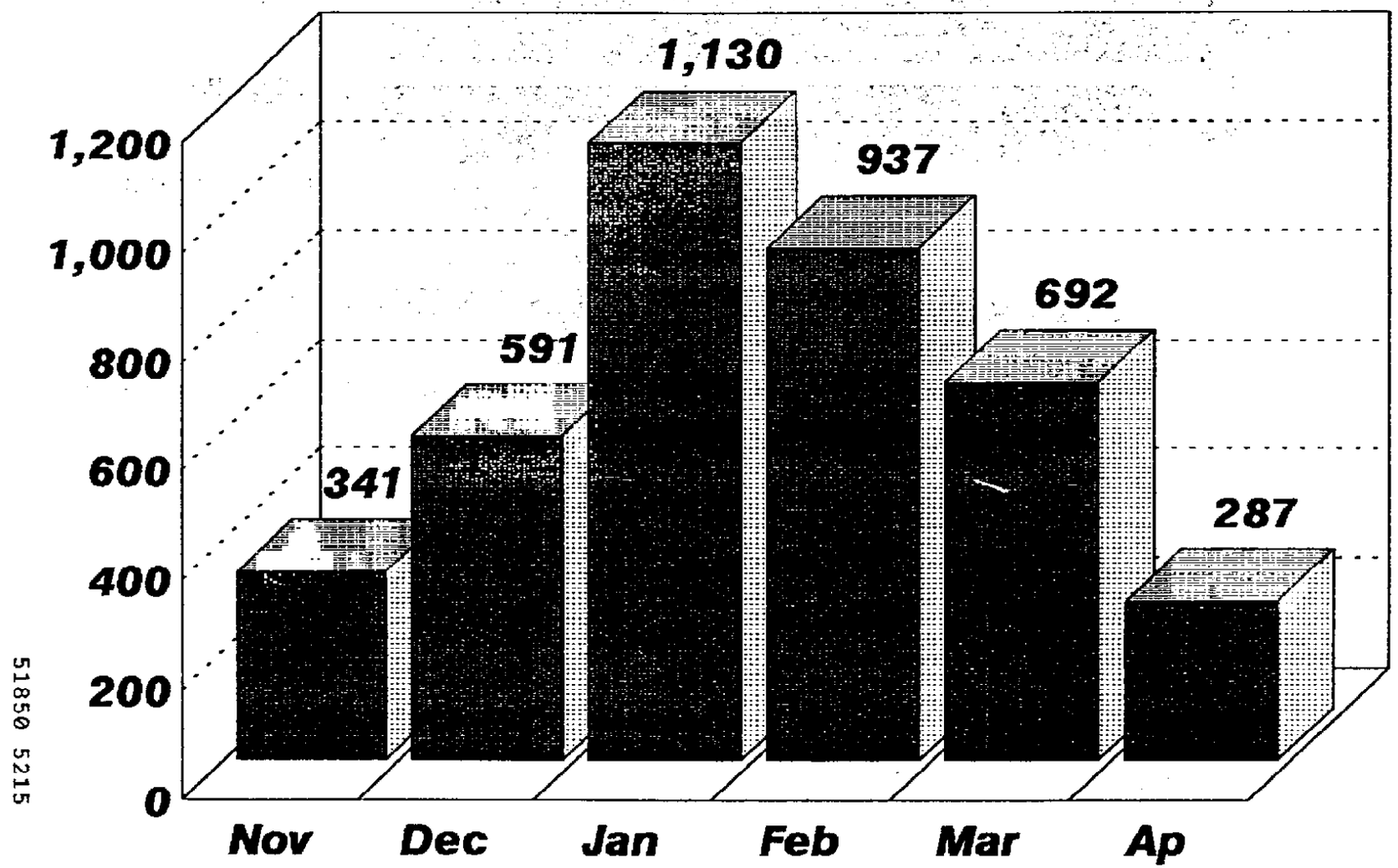
Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Winston Select
"monthly shipments"



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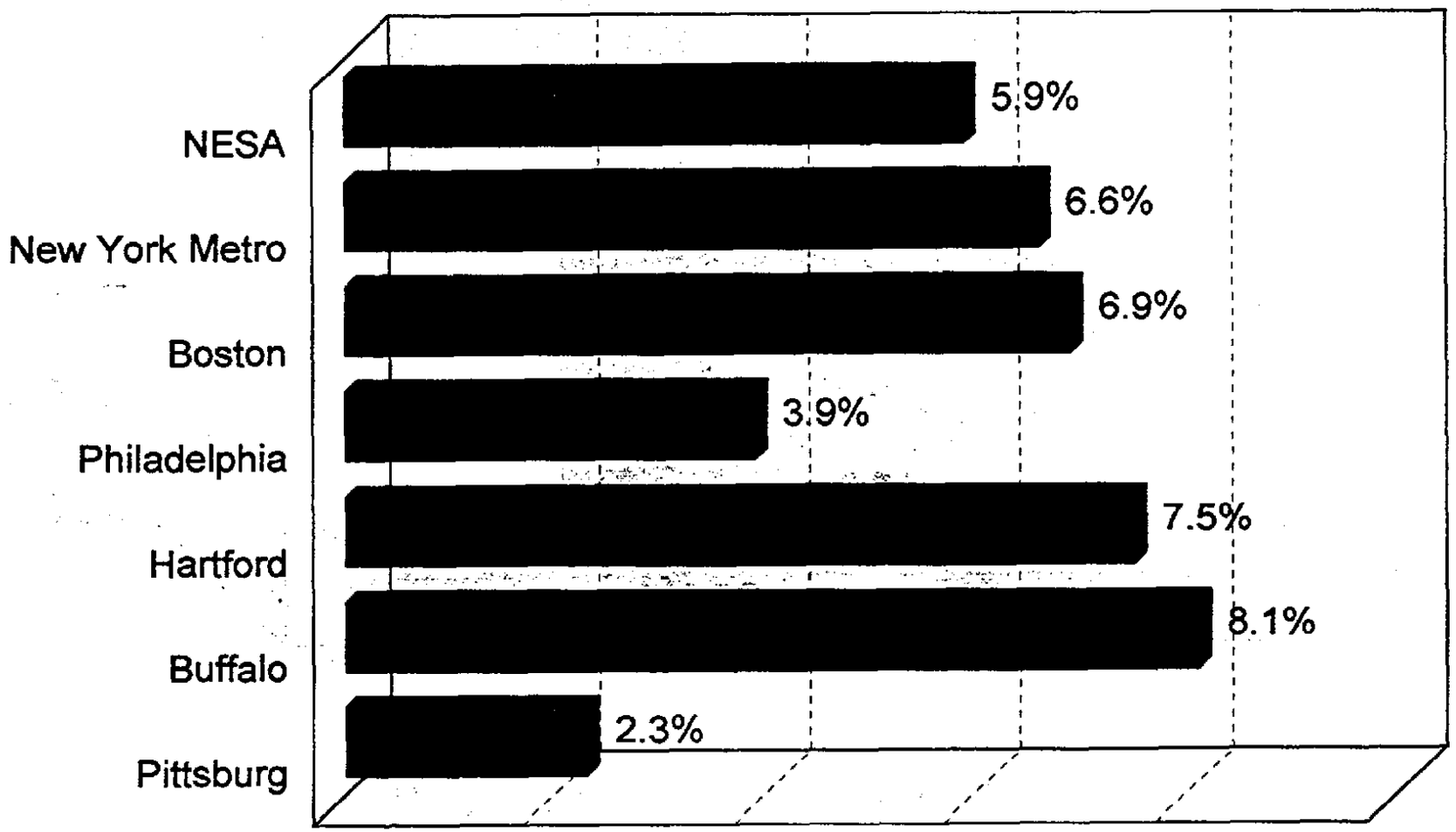
Winston SELECT Lights

Out-of-Stock Rate



as of May 15, 1994

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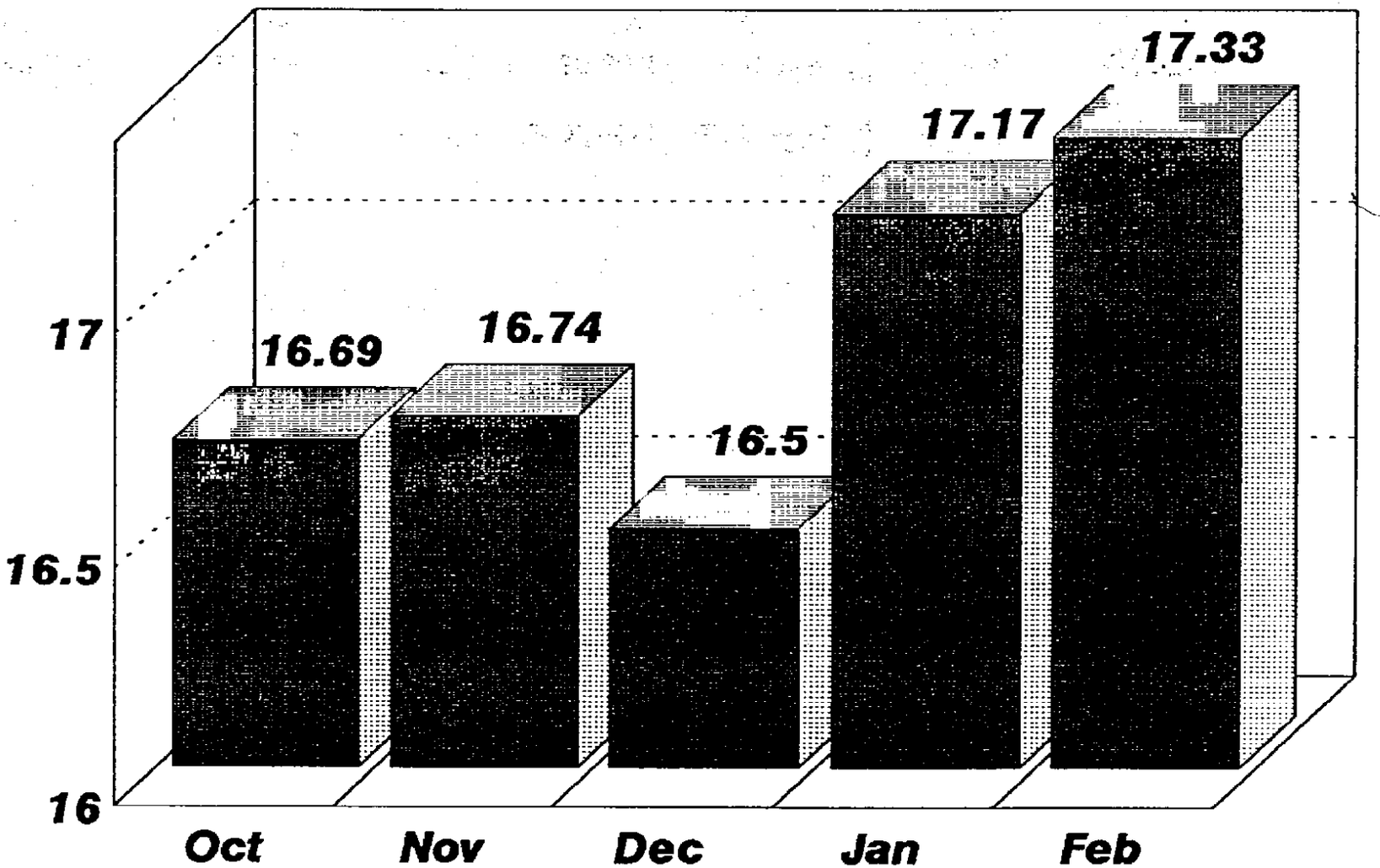
Marlin Full Price Share of Category
"consumer take-away / NYM region"



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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Marlin / share of Full Price Category

[redacted]

	Sept	Oct	Nov	Dec	Jan	Feb
Total	16.78%	16.69%	16.74%	[illegible]	[illegible]	[illegible]
S/Mkt.	18.18%	17.39%	17.35%	[illegible]	[illegible]	[illegible]
C/Gas	17.37%	16.99%	18.90%	17.50%	17.38%	17.37%
Other	16.39%	16.51%	16.24%	[illegible]	[illegible]	[illegible]

Feb. 94	Supermarket		Conv./Gas		Other	
Camel	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
B.Winston	[illegible]	[illegible]	4.71%	-0.79%	4.96%	-0.07%
Win Select	0.42%	-0.25%	0.39%	-0.53%	[illegible]	
Salem	5.66%	-0.09%	[illegible]	[illegible]	5.39%	-0.61%
Marlboro	31.31%	[illegible]	35.80%	[illegible]	31.91%	[illegible]
Kool	3.00%	0.44%	5.42%	0.01%	4.07%	[illegible]
Newport	6.65%	0.91%	13.31%	1.17%	15.23%	0.53%

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18

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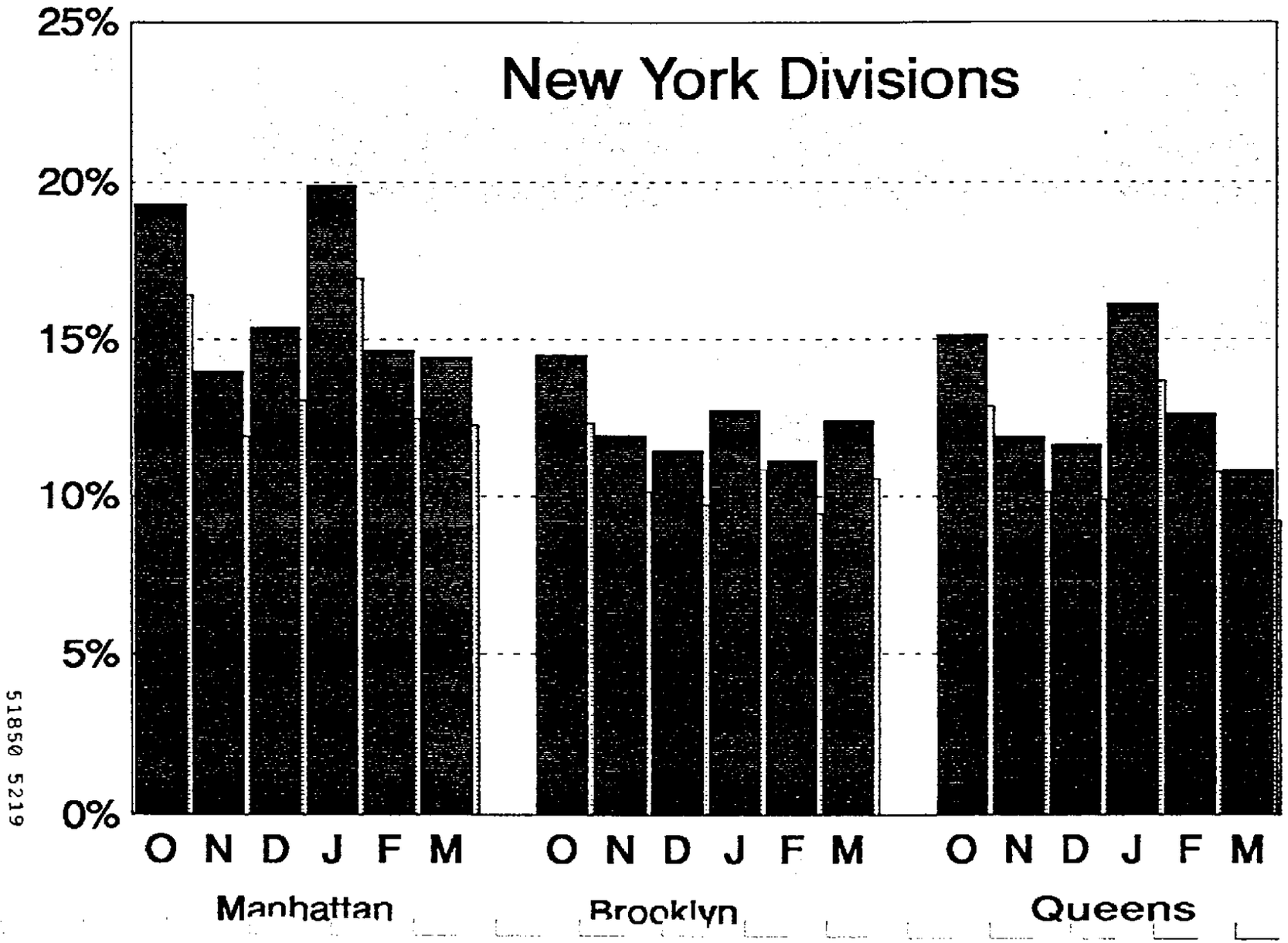
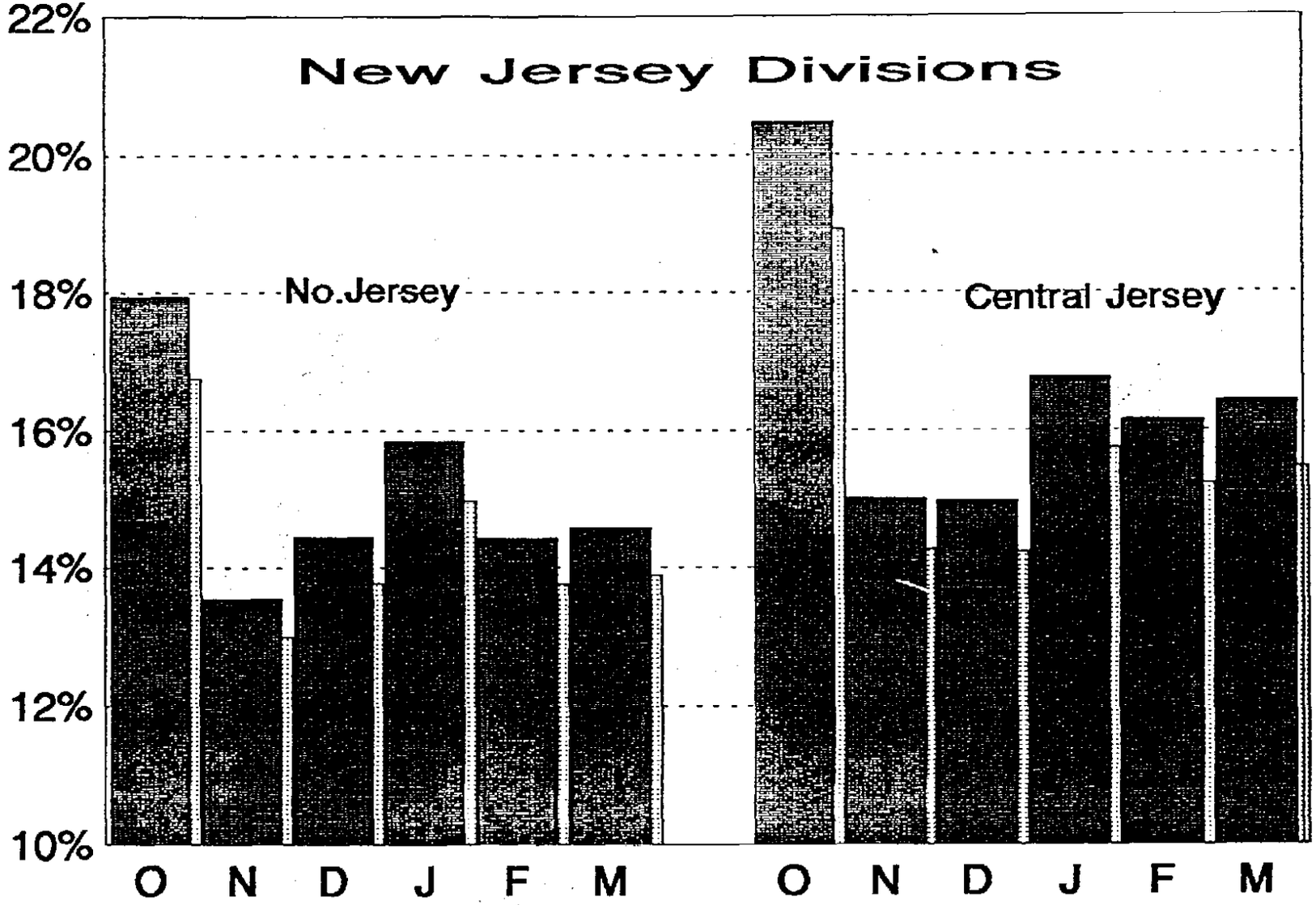
MSA Full Price share of Market



Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

MSA Full Price share of Market



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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Marlin / share of the savings Category

	Sept	Oct	Nov	Dec	Jan	Feb
Total						
S/Mkt.						
C/Gas	28.16%	34.61%	41.05%	36.54%		
Other						

Feb. 94	Supermarket		Conv./Gas		Other	
RJR	24.49%		31.15%		23.27%	
PM					21.96%	
B&W	16.51%		20.55%			
ATC	8.64%		9.66%		25.37%	
Doral	13.38%	-17.30%	7.16%	-2.18%	11.95%	-1.88%
RJR PL					0.78%	-0.65%
Monarch			17.65%	-1.97%		
Basic						
PM PL	15.10%	-9.33%			0.70%	-4.38%
Cambridge	15.15%	-0.07%	4.36%	-4.04%	4.62%	-1.46%
GPC			8.61%	-5.32%		
Montclair			2.01%	-0.78%		

Marlin 2 xls

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21

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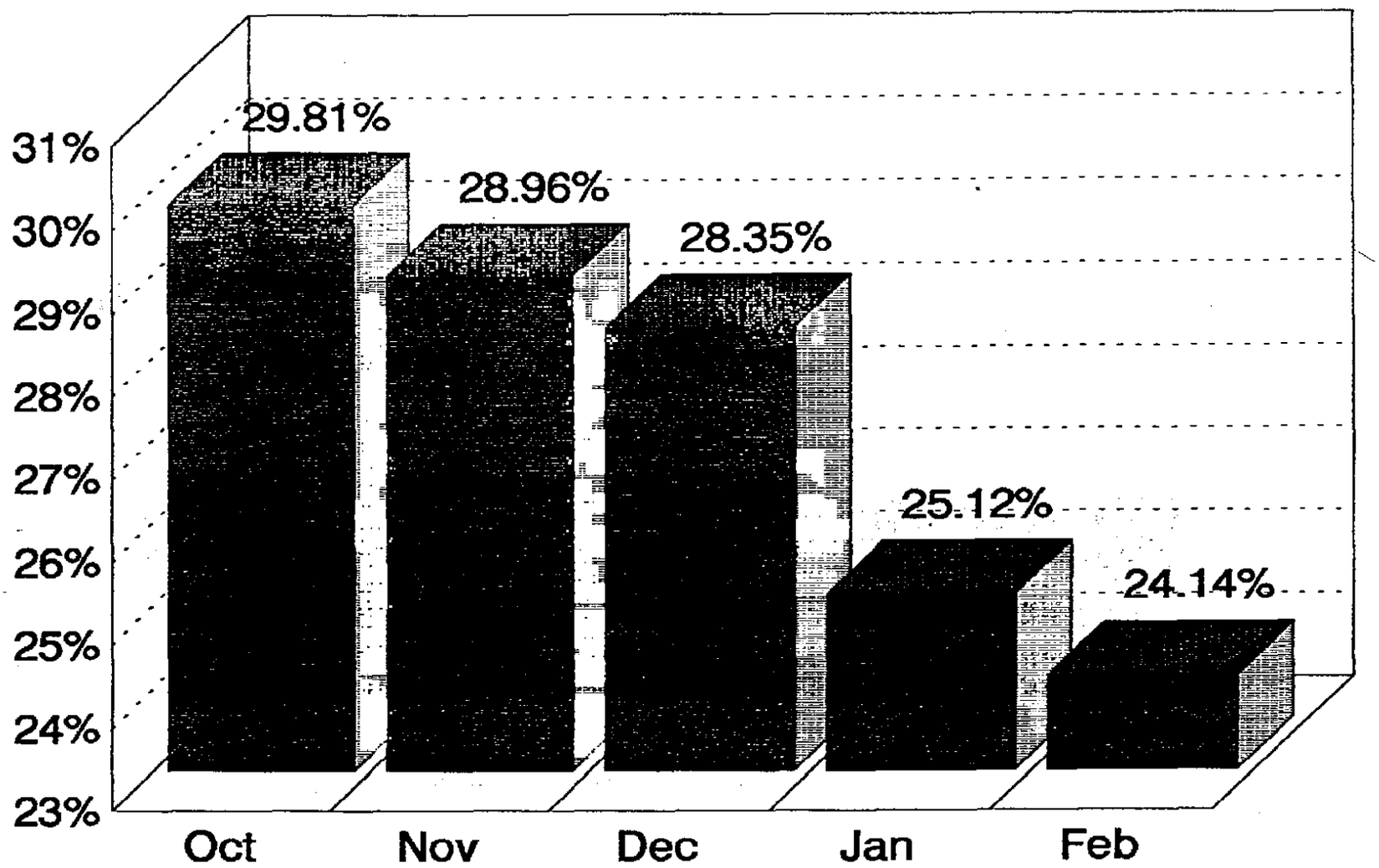
Marlin Savings Share of Category "consumer take-away / NYM region"



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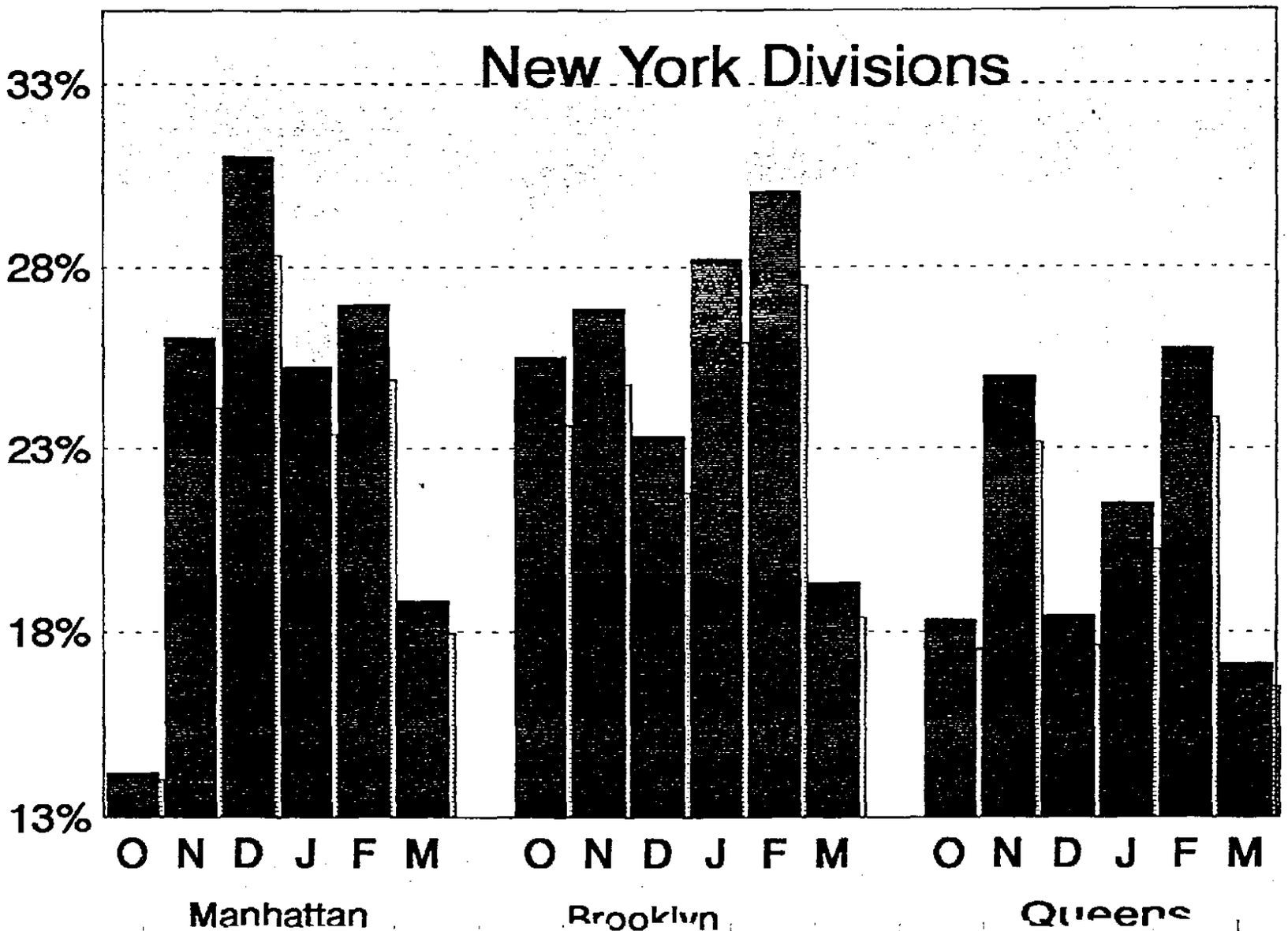
Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

MSA Savings share of Market



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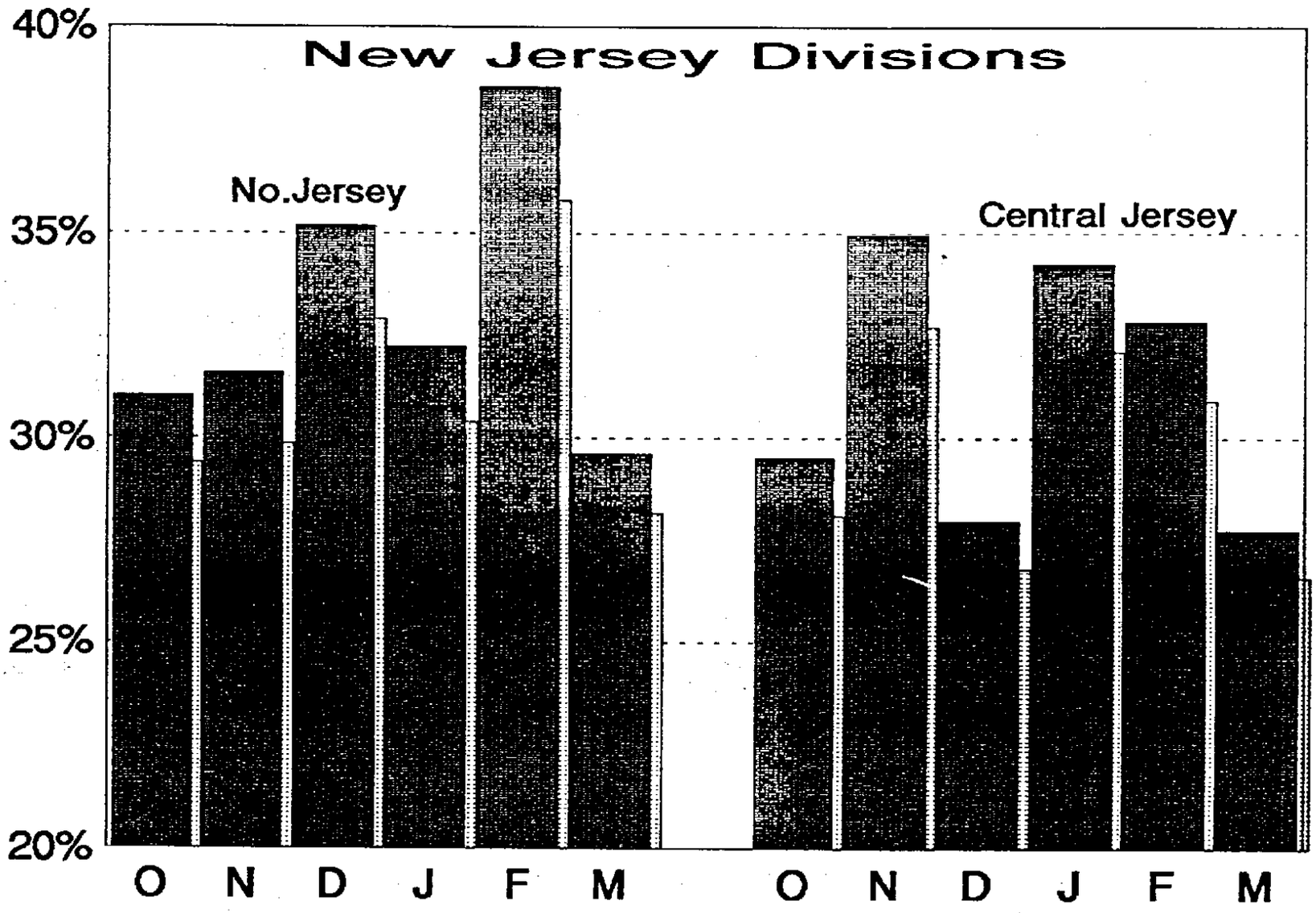
Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

MSA Savings share of Market



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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Region Contrabution Statement / March YTD

	Total			Full Price			Savings		
	SMC per ctn.	Contrabution per ctn.		SMC per ctn.	Contrabution per ctn.		SMC per ctn.	Contrabution per ctn.	
Boston	$1.16	$3.47		$0.58	$5.01		$1.35	$1.50	
New York M.	$1.13	$4.14	(#1)	$0.37	$5.22	(#1)	$2.15	$0.70	(#24)
Philly	$1.08	$3.31		$0.57	$5.02		$1.37	$1.48	
Hartford	$1.22	$3.41		$0.54	$5.04		$1.09	$1.76	
Buffalo	$1.08	$3.02		$0.59	$4.99		$1.15	$1.70	
Pittsburg	$1.04	$3.21		$0.63	$4.98		$1.16	$1.69	
NESA	$1.11	$3.36		$0.55	$5.04		$1.25	$1.60	

SMC (Sales & Marketing Costs):

Coupons / VPR's	*Co-Marketing funds*	*Salary*
Temp. Displays	*Contract Payments*	*Fringe*
Premiums	*Fixture costs*	*Auto expenses*
POS / PDI	*Selling Expenses*	

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Z99 Calls

"Opportunity or Worthless?"

	Total Z99's	Z99's with Overheads	Z99's with Sp.Loads
Manhattan	3,411	93	10
Brooklyn	2,366	202	35
No.Jersey	1,378	132	9
Queens	2,376	159	17
Cent.Jersey	2,758	227	71
NY Metro	10,432	813	142

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Section #2
"Part-Time"
"$1 million"

51850 5227

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

New York Metro Region - Buy Down Budget vs. Usage Report

1994 Budget

	1st	2nd	3rd	4th	Total
Select	$100,400	$164,654	$52,478		$317,532
Camel	$195,400	$55,705	$41,413		$292,518
Salem	$105,000	$98,000	$0		$203,000
Other	$0	$1,000,000	$0		$1,000,000
Total	**$400,800**	**$1,318,359**	**$93,891**	**$0**	**$1,813,050**

1994 Spending

	1st	2nd to date	3rd	4th	Total
Manhattan	$38,154	$20,174	$0	$0	$58,328
Brooklyn	$26,517	$32,212	$0	$0	$58,729
North Jersey	$48,602	$35,719	$0	$0	$84,321
Queens	$132,650	$22,235	$0	$0	$154,885
Central	$63,269	$15,317	$0	$0	$78,586
Total	**$309,195**	**$125,661**	**$0**	**$0**	**$434,856**
	77%	10%	0%	#DIV/0!	24%

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BDBUDGET.XLS

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

"1994 Part-Time Budget:
Revised May 1994

	1224	1225	1226	1229	1230	1240	1210
Origional Budget	$61,378	$14,561	$124,383	$46,817	$43,008	$8,483	$63,368
1PT per 2 SR program (Summer)	$25,000	$22,500		$23,000			
Expanded Monarch Program			$14,000				
NJ S/mkt. Coverage			$11,000		$11,000		
SRT in FT Assignment Credit	$45,000	$9,588	$46,546	$10,000	$26,273		
Div. Totals	$131,378	$46,649	$195,929	$79,817	$80,281	$8,483	$63,368
% increase	(+114%)	(+220%)	(+58%)	(+70%)	(+87%)		

Region Total: $605,905

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Section #3
"Work Plan"

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Third Quarter 1994 Workplan

Changes

Considerable flexibility has been added to your third quarter workplan. With the focus on achieving our workplan objectives, all levels of Field personnel, working together, should decide what is best for your business. You should do what you feel is necessary to put the right promotion in the right call at the right time.

A "Learning/Best Practices" section has been added to the third quarter workplan, as applicable, under certain topics. This is designed to share learning and ideas in order to help us all better build our business. We encourage you to share this information with all Managers and Sales Reps and welcome any input or suggestions for future sharing of Learning/Best Practices.

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Third Quarter 1994 Workplan Summary

Monthly Workplan Dates:	July 7/4 - 7/29	August 8/1 - 8/26	September 8/29 - 9/30
Workplan Full-Price POS Changeover (CAMEL Focus)			X
National Pack Promotion	SELECT B2G Can Cooler (May - August)		
	SELECT B3G3F (June - August)		(4532 sku)
	CAMEL B3 Tin With Matches	- 4808 skus	CAMEL B2 Metal Pack Match
CAMEL Buydown	<----------		---------->
SELECT Buydown	<----------		---------->
VANTAGE/SALEM Buydown	<----------		---------->
Carryover Base WINSTON Premiums	<----------		---------->
CAMEL Continuity Maintenance	<----------		---------->
SELECT Continuity Launch/Maintenance	<----------		---------->
CAMEL/WINSTON SME Opportunistic Premiums	<----------		---------->
CAMEL/SELECT 2-Pack Continuity Promotion Cards	<----------		---------->
Region Full-Price Heavy-Up Plans (9 Regions)	<----------		---------->
Co-Marketing Promotion Accrual Programs	<----------		---------->
Region Savings Plans	<----------		---------->
Forsyth Alliance Program	<----------		---------->
OPM Carton Inserts [WINSTON Base (4), SALEM (4), VANTAGE (4)]		X	
National Account Program (Dairy Mart, Circle K, Coastal Mart, EMRO, NCS, BP)	<----------		---------->
Focus Program	<----------		---------->
Military Workplan	<----------		---------->
Consumer Mission Program	<----------		---------->

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

NESA

Third Quarter Workplan Promotion Allocations

	July w/Matches 20/SKU	July/Aug SELECT B3G3F 20/SKU	Sept* Metal Match 20/SKU	Q3 CAMEL Buydowns	Q3 SELECT Buydowns
Boston	4,000	6,000	4,000	$27,138	$292,156
New York Metro	4,808	3,060	4,532	41,413	52,478
Philadelphia	4,920	3,240	4,638	42,375	56,737
Hartford	4,000	3,530	4,000	27,800	61,909
Pittsburgh	7,049	4,820	6,644	61,925	84,726
Buffalo	7,169	5,780	6,773	60,713	101,610

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* NOTE: Subject to change without notice. Viewer discretion advised.

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Third Quarter 1994 Workplan Objectives

- Grow the CAMEL family's share of full-price category.
- Grow SELECT's share of market.
- Hold RJR's share of full-price category at 1993 year-end level.
- Hold RJR's share of savings category at 1993 year-end level.

Permanent/Temporary Display Focus.

- Primary: Achieve impactful brand presence for the CAMEL family, WINSTON SELECT and DORAL or other priority savings brands in their identified opportunity outlets.
- Secondary: Establish supplementary presence, as appropriate, for other full-price brands in their identified opportunity outlets.

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Third Quarter 1994 Workplan Objectives

Promotion Focus

- Maximize adult competitive trial for WINSTON SELECT and the CAMEL family.

- Support other full-price brands in opportunity outlets, as appropriate, to accomplish your overall full-price objective.

- Implement flighted and temporary promotions targeted against opportunity savings brands as identified in the region's savings plan.

- Achieve price parity on opportunity savings brands vs. competition by matching competitive discounting practices tactic for tactic.

Point-of-Sale Focus

- Achieve big brand presence on the CAMEL family, WINSTON SELECT and DORAL or other priority savings brands in their respective identified opportunity outlets.

- Achieve in-store price point communication dominance to support priority full-price and savings brand(s) opportunity.

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Workplan POS Availability

September POS Changeover

Workplan POS for the September full-price changeover will be sent in August to your desired ship-to locations in kits based upon the information entered via the hand-held computer for each assignment. September POS focus is on CAMEL.

As with the May POS changeover, the following seven carton fixture POS pieces will be produced in a high impact brand name format for the September changeover:

- 19" carton transparency
- 19" carton card
- 28" transparency
- 28" card
- 24" enhanced transparency
- 36" enhanced transparency
- flex side transparency

During the May changeover, these high impact carton fixture pieces were only available for WINSTON SELECT. Similar pieces will be available for CAMEL and SELECT for the September changeover. Once the correct brand high impact carton pieces are placed, they should not need to be changed for the balance of the year.

May POS focus is on SELECT.

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35

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

WINSTON SELECT/CAMEL
May 1994 Workplan Changeover

SELECT Carton Workplan POS

Item	Item #
19" Carton Transparency	460221
*28" Carton Transparency	460224
*19" Canopy Card	461064
*28" Canopy Card	460341
*Flex Side Transparency	460233
*24" Enhanced Canopy Transparency	461070
*36" Enhanced Canopy Transparency	460320

Primary POS - SELECT

*20 Column OPM Transparency	460332
24' Transparency (PCD/ECD)	460230
*24" Package Merchandiser Card (SEL/CAM)	460350
*Rect D/F III Transparency	460335
Horz D/F III Transparency	460344
*Large Side Transparency	460251
*Small Side Transparency	460254
*HV/LV Top Transparency	460245
*16" Package Merchandise Card	460212
*Small PPD Card	460275
*Large PPD Card	460272
*Shelf Strip	460260
SELECT/CAMEL Display Strip	460353
*HV Side Card	460302
*LV Side Card	460305
Small Side Card (SEL/CAM)	460362
*7 Column Slide By Card	460290
*11 Column Slide By Card	460284
*6 Sided Cent Card	460281
*NSS Sign Transparency	460242
*Large Paster	460263
19" PCD Transparency	460215

Secondary POS - CAMEL

20 Column OPM Transparency	461022
8 Column OPM Transparency	460995
8 Column OPM Insert Transparency	461010
PCD/Canopy Transparency	461013
Display Strip with Pricing Area	461004
Large Paster with Pricing Area	461001

NOTE: Two items of carton POS have the wrong graphic art printed on them. Replacement items are currently being produced and will be shipped to each of your Sales Representatives by the middle of May.

New Commodity #	Description
461064	19" Canopy Card
461070	24" Enhanced Canopy Transparency

Please accept our apologies for this improper printing of these POS pieces.

*Surplus Q1 CAMEL POS allocated to Buffalo Region

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36

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Full-Price Discounting

- CAMEL
- WINSTON SELECT
- VANTAGE/SALEM

You will not receive any additional VANTAGE/SALEM discounting monies for third quarter. However, you have the flexibility to carry over any first or second quarter discounting monies into the third quarter.

- Coupon Availability

Value	Coupon	Coupon Printer
20¢	X	X
25¢	X	X
30¢	X	X
40¢	X	X
40¢/2 pack	X	N/A
50¢/2 pack	X	N/A
$1.00	X	X
$1.50	X	X
$2.00	X	X
$3.00	X	X
$4.00	X	X

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Full-Price Discounting

Learning/Best Practices

Our full-price discounting efforts in 1994 appear to be most efficient/effective when centered around buydowns. Main reasons are:

- Less visible to our competitors and therefore hard to react to.

- Buydowns allow the flexibility of discounting to a compelling price point (i.e., regular price 2.25, discount by 26¢ and thereby reach a compelling price point of 1.99).

- Coupons carry an additional redemption cost of 11¢ per coupon, irrespective of face value (i.e., actual cost of a 20¢ coupon = 31¢.)

- Buydown promotions for WINSTON SELECT or CAMEL are more effective with pack offers, single or multi-pack.

- Learning also tells us that since the price rollback, quality placements of temporary counter and/or dump bin displays with product featured at the new everyday low price point helps to maintain/build momentum for our full-price brands. Quality display placements, along with highly visible price point communication, appears to improve the overall effectiveness and efficiency of discounting efforts.

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Third Quarter National Full-Price Promotions

July CAMEL B3GF Smokin' Joe's Tin with Matches

In July, the focus premium is a B3GF Smokin' Joe Tin with Matches on CAMEL base styles. The program is designed to leverage nationally the Brickyard 400 August 6-7. The Brickyard 400 marks the first time a WINSTON Cup race has been run in the Indianapolis Speedway and should generate significant national interest.

September CAMEL B2 Metal Pack Match

In September, the focus premium is a B2GF CAMEL Metal Pack Match. The Pack Match is unique and should generate considerable excitement.

Learning/Best Practices

Box styles appear to have the greatest overall potential for RJR due to industry growth patterns and competitive opportunities.

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National Pack Promotions

In the spirit of our focus on crisp, clean execution at retail, we should strive to not work the SELECT B3G3F, the SELECT Can Cooler and/or the July CAMEL Smokin' Joe's Racing Team Tin and Match Sets at the same time in any given call. We realize that this will not always be possible. In those instances where multiple premium promotions are in the same call at the same time, the objective should be to merchandise promotions in separate, well-positioned, visible locations.

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Third Quarter National Full-Price Promotions

July-August SELECT B2GF Can Cooler

You have the option to work this promotion anytime from May-August.

July-August SELECT B3G3F

You have the option to work this promotion anytime from June-August.

Learning/Best Practices

Learning to date suggests that more consumers would switch to SELECT if they had a more tangible reason why. Our research tells us we have a great name and a terrific product that is as good as Marlboro, but having a product as good as Marlboro is not enough.

We are going to give consumers a reason to believe SELECT is a better product via the message: "SELECT tobaccos demand perfect aging because you can't rush smooth flavor." Rather than utilize mega ad dollars, we plan to convey the SELECT message via POS, carton inserts, B3G3F packaging and on-carton messages.

Our product message was extensively tested among competitive smokers.

- It had the highest appeal of more than 25 product reasons that were explored.
- It outperformed the Marlboro Challenge advertising among competitive smokers by a 47% to 32% purchase interest.

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Learning/Best Practices

Additional learning from our many BSGSF promotions indicate why a B3G3F, although selling at a much slower rate than a B1G1F, is more effective.

- B3G3F requires greater purchase commitment and should eliminate some of the savings purchasers or "bottom dwellers" who are not our target.

- Potential switching increases, which is a primary objective.

- The SELECT six-pack packaging offers better opportunity for conveying our message and provides additional incentive to purchase (18 bonus proofs).

- The purpose of this promotion is to switch smokers, so we need to have the patience to put the B3G3F into high potential, switch calls, not dump outlets to move it fast.

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

CAMEL/SELECT 2-Pack Continuity Promotion Cards

Based upon Field Sales requests, we have developed self-liquidating 2-pack continuity promotion cards for SELECT and CAMEL. The promotion cards feature a t-shirt mail-in offer from the 1994 CAMEL Cash or 1994 SELECT Weekends Program. Promotion cards may be used on an as-needed basis as a supplement to our workplan to keep our existing displays and platforms filled. The cards also have application to our Co-Marketing and Focus Programs and any other business opportunities you deem feasible.

Program specifics are as follows:

Item	# Per SKU
CAMEL 2-Pack Card	100 (packed flat)
SELECT 2-Pack Card	100 (packed flat)

- Consumers can purchase a SELECT t-shirt for 70 pack proofs (35 packs) or a CAMEL t-shirt for 35 C-notes (35 packs).

- An adhesive section on each card allows you to easily apply 2 packs to the card.

- Cards will be available for order in mid-June. More details will be provided at a later date.

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Use of the CAMEL or SELECT 2-pack promotion continuity cards is optional. Since the cards are self-liquidating and relatively inexpensive to produce, use of the cards will not impact your region budget.

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

CAMEL/SELECT Continuity

- **SELECT**

  On 5/2/94, SELECT begins its 8-month program with a retailer mailing to 120,000 selected K, A, B and C accounts. A second retailer mailing is scheduled for 7/25/94 to 80,000 accounts.

  The SELECT Weekends Program accepts only WINSTON SELECT proofs of purchase. This program is not for base WINSTON smokers.

- **CAMEL**

  Second retailer mailing to 80,000 selected accounts on 6/13/94.

- **Retailer Incentive Program**

  The Retailer Incentive Program begins May 1 and runs through August 31, 1994.

  Philip Morris will be launching their 1994 Marlboro Store Continuity Program at retail in May. RJR continuity POS materials:

  - Catalogs
  - Lucite holder
  - Floor base display
  - Contravision
  - Louvre motion
  - Standees
  - Banners
  - Large Paster

  <u>New Items</u>

  CAMEL Pennant Rope

  CAMEL One-Sheet Posters

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43

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Franchise Retention/Direct Marketing Activities

- **Full-Price**

  The SELECT Weekends Program accepts only WINSTON SELECT proofs of purchase. **This program is not for base WINSTON smokers.** Base WINSTON Smokers can use their proofs for the 40th Anniversary Catalog or various promotions/events/special merchandise offered by the WINSTON Winners Club.

  WINSTON smokers interested in getting the 40th Anniversary Catalog or in joining the WINSTON Winners Club can call the 800 number found on the back of all base family styles.

  Our Sales Reps and Managers are sometimes approached by our franchise smokers looking for offers or expressing a concern that our promotions are "not on their brands."

  When we encounter base WINSTON, SALEM, VANTAGE, MORE and NOW franchise smokers who want to receive offers from us or be included on our data base, our Reps/Managers should:

  1. Have them call the 800 number on their RJR brand pack **and ask to be added to the brand program <u>or</u>**
  2. Use the non-coupon consumer mission card (commodity #408113) to capture their name. These cards are currently available for order.

  Our franchise direct marketing programs become more effective as we add adult franchise smoker names and update information on existing franchise smokers. It is important that we remain responsive to our

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Multi-Brand Other People's Money (OPM) Coupons

The objective of the Other People's Money (OPM) Program is to promote a portion of Base WINSTON, SALEM and VANTAGE volume at minimal cost and minimal Field effort. The program identifies companies and products with strong consumer appeal that fit our smokers' lifestyles. Consumers will be able to send in for selected products from top name companies at substantial savings.

- Theme is "Getaway Gear."
- OPM coupons will be delivered in flagged cartons via normal distribution procedures. There will be no UPC/distribution changes. Flagged cartons will say "Over $25 in savings."
- DTS is the last week of July on approximately 3 weeks volume of selected styles of WINSTON (WK, WLt, W100, WLt100), SALEM (SK, S100, SLts, SLt100), and VANTAGE (V, V100, VULt, VULt100).

VANTAGE priority regions:

Memphis	St. Louis	Minneapolis
Birmingham	Pittsburgh	Washington
Dallas	(Charleston, WV)	(Richmond,Norfolk)
Houston	Winston-Salem	Cincinnati
(Beaumont)	Atlanta	
Detroit	Chicago	
	(Peoria)	

- POS will be available 5/31/94.
- Getaway Gear offers will include:

	Value	Special Offer
Amoco Travel Road Service	$50	$30
Voit Travel Golf Bag	$100	$50
Igloo Legend Picnic Basket	$60	$27
3-Person Dome Tent	$60	$45
3 24-Exposure Disposable Cameras and Free Film Developing	$30	$12
Pawleys Island 16' Hammock	$80	$45

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45

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Consumer Mission Program

The Consumer Mission Program continues to be a valuable tool for one-on-one trial and conversion of our brands when encountering competitive adult smokers while working the trade. It also provides valuable name generation via our business response cards (BRC). All consumer mission offers should now be a B1G1F.

Learning/Best Practices

Recent learning on CAMEL suggests that 21-24 year old adult smokers are establishing a taste preference for our CAMEL Lights and Filters styles. These brands appear to be our best opportunity when conducting Consumer Mission offers with 21-24 year old adult competitive smokers. A selling point is the unique true tobacco taste of these styles.

Conversely, 25+ year old adult competitive smokers seem to have developed a taste preference for a lighter and smoother product. WINSTON SELECT and CAMEL Special Lights appear to be our best opportunities for conversion among this age group of competitive smokers.

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Exhibit A

1994 NATIONAL ACCOUNT ACTIVITY

Chain	April	May	June	July	August	September
Circle K (2,500)	VPR, 35¢ off 2 Packs, in addition to 60¢ special chain reduced price 750M offers, CAMEL	Co-marketing 20¢ off 2 or more price, CAMEL	Free Coffee/ Soda w/2 Packs 450M Offers, SELECT	Alliance 20¢ Off Pack AUSTIN	Co-marketing 20¢ Off 2 or more Price, WINSTON	Free Coffee/ Soda w/2 Packs 300M Offers, CAMEL
Dairy Mart (1,100)	VPR, 35¢ off 2 Packs plus chain match of 25¢, 110M offers, CAMEL		Free Coffee/ Soda w/2 Packs 66M Offers, SELECT			Free Coffee/ Soda w/2 Packs 66M Offers, CAMEL
Coastal Mart (550)	VPR, 35¢ off 2 Packs plus chain match of 25¢, 110M offers, CAMEL		Free Coffee/ Soda w/2 Packs 22M Offers, SELECT	Co-marketing WINSTON/ SALEM 25¢ Off Per Pack	Co-marketing, Regional Promotions	Free Coffee/ Soda w/2 Packs 43M Offers, CAMEL
NCS* (650)	B1GF Gum (89¢ Value) 240M Offers, SELECT	Alliance, 3 packs for 3.00, Smokes	Co-marketing WINSTON/SELECT TBD	Alliance 30¢ Off Per Pack, Smokes	CAMEL, TBD	
EMRO (1,600)			Free Pack Carefree Gum (89¢ Value) w/2 Packs 220M Offers, SELECT	CAMEL Packs B4G1F <----------	For Points ---------->	
BP (900)		Co-marketing 35¢ off 2 Packs CAMEL, SALEM	Free Pack Carefree Gum (89¢ Value) w/2 Packs 80M Offers, SELECT	Alliance 20¢ Off 1 Pack Highway	Co-marketing <----------	CAMEL, TBD ---------->

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

CONSUMER MISSION RETURNS
4TH QTR 1989 - 4TH QTR 1993

SALES AREA

REGION	QUANTITY	%
NORTHEAST	136,557	22.18%
SOUTHERN	158,413	25.73%
WESTERN	155,027	25.18%
MIDWESTERN	165,678	26.91%
TOTAL	615,675	100.00%

SALES REGION

NORTHEAST		
111 BOSTON	17,362	2.82%
112 NEW YORK METRO	13,730	2.23%
113 PHILADELPHIA	21,056	3.42%
115 HARTFORD	18,840	3.06%
116 BUFFALO	40,080	6.51%
117 PITTSBURGH	25,489	4.14%
SOUTHERN		
221 WINSTON-SALEM	17,177	2.79%
222 ATLANTA	18,162	2.95%
223 SOUTH FLORIDA	59,228	9.62%
224 BIRMINGHAM	15,269	2.48%
225 MEMPHIS	18,593	3.02%
229 WASHINGTON DC	29,983	4.87%
WESTERN		
551 SAN FRANCISCO	54,487	8.85%
553 DENVER	16,993	2.76%
554 LOS ANGELES	41,004	6.66%
556 SEATTLE	15,392	2.50%
557 DALLAS	15,884	2.58%
558 HOUSTON	11,267	1.83%
MIDWESTERN		
662 CHICAGO	23,827	3.87%
663 MINNEAPOLIS	27,151	4.41%
665 OKLAHOMA CITY	13,853	2.25%
667 DETROIT	26,043	4.23%
668 CINCINNATI	48,146	7.82%
669 ST. LOUIS	26,659	4.33%
TOTAL	615,675	100.00%

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Section #4
"Merchandising"

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Northeast
Merchandising Contracts - Annualized Spending Projections
Pay Point Basis
Dollars in Thousands

	Jan	Feb	Mar	April	May	June	Budget	Difference	% of Budget
Boston	$4,571	$5,347	$6,939	$8,223			$8,792	($569)	94%
New York Metro	$1,151	$1,442	$2,326	$3,087			$3,557	($470)	87%
Philadelphia	$721	$1,191	$3,474	$5,142			$5,855	($713)	88%
Hartford	$889	$1,950	$2,806	$3,667			$4,446	($779)	82%
Buffalo	$2,948	$3,340	$4,825	$6,621			$7,525	($904)	88%
Pittsburgh	$2,882	$5,494	$6,910	$9,033			$10,226	($1,193)	88%
Total NESA	$13,162	$18,764	$27,280	$35,774			$40,401	($4,627)	89%

Northeast
Merchandising Contracts - Annualized Spending Projections
Geographic
Dollars in Thousands

	Jan	Feb	Mar	April	May	June	Budget	Difference	% of Budget
Boston	$2,703	$3,586	$5,057	$6,093			$6,989	($896)	87%
New York Metro	$1,315	$1,612	$2,344	$3,191			$3,337	($146)	96%
Philadelphia	$1,360	$2,009	$4,499	$6,022			$6,815	($793)	88%
Hartford	$1,365	$2,399	$3,598	$4,559			$5,422	($863)	84%
Buffalo	$1,933	$2,753	$4,422	$6,592			$7,164	($572)	92%
Pittsburgh	$3,076	$4,896	$5,740	$7,590			$8,431	($841)	90%
Total NESA	$11,752	$17,255	$25,660	$34,047			$38,158	($4,111)	89%

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

New York Metro Region

Projected Contract Spending Report

Division	1994 Budget	Projected as of March	Projected Surplus	% Surplus
Manhattan	$472,724	$413,890	$58,834	88%
Brooklyn	$381,193	$270,149	$111,044	71%
North Jersey	$797,330	$654,628	$142,702	82%
Queens	$374,614	$296,910	$77,704	79%
Central	$675,425	$565,211	$110,214	84%
Jersey Chain	$704,049	$704,313	($264)	100%
North Jersey Chain	$150,260	$181,598	($31,338)	121%
Region	$3,557,000	$3,086,699	$470,301	87%

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

CO-MARKETING STATUS
NESA

Region	1100	1200	1300	1500	1600	1700	Sales Area
Co-Marketing - Ctn	118	58	301	59	196	170	902
Co-Marketing - Ctn RJR Match	193	13	149	138	367	378	1238
Co-Marketing - Pack	230	128	102	164	375	232	1231
Co-Marketing - Pack RJR Match	848	399	1043	542	779	1023	4634
TOTALS	1389	598	1595	903	1717	1803	8005

416

- Pack plans represent 73% of all plans.
- 79% of pack plans are match.

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51

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Co-Marketing Status
New York Metro Region

Division	Manhattan	Brooklyn	No.Jersey	Queens	Central J.	Region
CM-Ctn	0	1	28	0	30	59
CM-Ctn Match	0	0	10	0	3	13
CM-Pack	1	4	75	22	34	136
CM-Pk Match	65	56	125	54	107	407
TOTALS	66	61	238	76	174	615

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52

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Sweepstakes "Rules" for Retail

Tom Rucker Contact for these programs

OFFICIAL RULES

1. NO PURCHASE NECESSARY.

2. To be eligible to win, entry form must show contestant's name, address, and phone number; all questions on the front of entry form must be answered; and entry form must be signed.

3. All entries become the property of sponsor.

4. No copies or facsimiles of entry form accepted.

5. Void where prohibited by law.

6. Participant must be 21 years of age or older and a resident of the United States.

7. Taxes are the responsibility of the prize winner.

8. Entries will be accepted from (DATE) through (DATE).

9. Drawing for prize of $100.00 in cash will be held (DATE). Winning entrant will be notified by mail and may be required to sign an affidavit of eligibility. If the winning entrant does not claim the prize within 14 days of notification, another drawing will be held to determine a new winner.

10. The winning entrant need not be present to win.

11. Odds of winning depend on the number of entries received.

[Add: Winner's List]

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53

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

CO-MARKETING - CIGARETTE OUTLETS

Objective

- **Fortify RJR Merchandising Program/Presence**
- **Defend against heavy competitive Full Price promotion**
- **Supplement current Work Plan promotion**

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

CO-MARKETING - CIGARETTE OUTLETS

Definition - Cigarette Outlets

- High Volume (500+ CPW) retail outlet specializing in the sale of cigarettes. No less than 51% of in-store total dollar volume is generated from the cigarette category.

- Cigarette Outlets have the following advantages over traditional classes of trade:

  - Margin
  - Promotion
  - Merchandising
  - Taxation (in some cases)

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

"Cigarette Outlets"

	Freq.	FULL NAME	CITY	Volume
Manhattan Division				
122402	K02	BUS CAMP SMOKE SHOP	NEW YORK	500
122402	A04	SAINI NEWS COMPANY	NEW YORK	150
122402	A04	MAGS R US	NEW YORK	250
122404	A02	STUYVESANT CONVENIEN	NEW YORK	500
122405	A02	PATEL NEWS	NEW YORK	500
122405	K02	PENNY ARCADE	NEW YORK	500
122406	K02	LEE'S SMOKE SHOP INC	NEW YORK	500
122406	K02	M & N SMOKE & CARD	NEW YORK	500
122406	K02	A & S SMOKE	NEW YORK	500
122407	A02	MR. FOOD	NEW YORK	300
122407	K02	ESCO DRUG	NEW YORK	500
122408	A04	TABASM NEWSSTAND	NEW YORK	400
122410	K02	TE AMO DISCOUNT	NEW YORK	500
122410	K02	SABA GROCERY	NEW YORK	650
122410	K02	OPTIMO DISCOUNT	NEW YORK	500
122410	K02	SENCO CIGARETTES	NEW YORK	875
122411	A02	DISCOUNT PLACE	NEW YORK	500
122411	K02	ALGABYALI DISCOUNT	NEW YORK	500
122411	K02	GOLD LEAF EXPRESS	NEW YORK	600
122411	A02	DON DIEGO	NEW YORK	500
122411	K02	1411 CANDY STORE	NEW YORK	500
122411	K02	AGABALI III	NEW YORK	500
122411	A04	A&M NEWSSTAND INC.	NEW YORK	550
122413	K02	SPS INTERNATIONAL	NEW YORK	700
Brooklyn Division				
122504	A02	KHATERI	BROOKLYN	500
122507	A02	KHAWAJA STAT. INC.	BROOKLYN	1000
122509	A02	NJM VARIETY	BROOKLYN	600
122509	A02	DAISY VARIETY	BROOKLYN	1600
122510	A02	SAKMAN CANDY STORE	BROOKLYN	500
122510	A02	OPTIMO & COS DISC.	BROOKLYN	500
122513	A02	LEE'S DISCOUNT	STATEN ISLAND	550
122514	A02	P&H INC	STATEN ISLAND	525
North Jersey Division				
122602	C13	TIME LIQUOR	BERGENFIELD	80
122602	K02	BIG VARIETY	NEW MILFORD	975
122603	K02	TEI MOBIL	FORT LEE	700
122606	C13	BERNS TOBACCO SHOP	FAIR LAWN	50
122606	K02	JR'S WHOLESALE	PATERSON	800

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56

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

	Freq.	FULL NAME	CITY	Volume
122611	K02	MARINA STATIONERY	PASSAIC	600
Queens Division				
122901	A02	A&F GROCERY & TOBACC	BRONX	500
122901	A02	UMK INCORPORATED	BRONX	500
122901	A02	PRICE SMASHERS	BRONX	1000
122901	A02	D&A TRADING CORP	BRONX	500
122902	A02	2334 ARTHUR AVE CORP	BRONX	500
122902	A02	PLAZA PHARMACY	BRONX	500
122906	A02	DHARINI DISCOUNT	BRONX	500
122906	A02	JNB STATIONARY	BRONX	500
122906	A02	R & R SQ DISCOUNT	BRONX	500
122907	A02	NATHAS STATIONERY	LONG ISLAND CIT	600
122907	B02	EVERYBODYS DISC.,INC	LONG ISLAND CIT	550
122908	A02	VAIBHAN LAXMI GROCRY	LONG ISLAND CIT	1200
122908	A02	DAISY TOBACCO	FLUSHING	600
122908	A02	CHA SMOKE SHOP	SUNNYSIDE	1500
122908	A02	ROCKLINE NEWS	FLUSHING	500
122908	A04	BUDRAM, INC.	FLUSHING	300
122908	A02	PRONTO NEWS	JACKSON HEIGHTS	1200
122908	A02	JOSEPH LOCK&ALARM	FLUSHING	1300
122908	A04	KELLY'S LUNCH INC.	FLUSHING	500
122908	A02	D & J GENERAL STORE	FLUSHING	600
122909	A02	TIPH STATIONERY	FLUSHING	521
122909	A02	MASPETH EXPRESS	FLUSHING	600
122909	B04	BELL DISCOUNT	FLUSHING	500
122909	A02	RABIA PIPEPAPER	MIDDLE VILLAGE	248
122910	A02	MAC GROCERY	JAMAICA	500
122911	A02	VIMAL STATIONERY	RICHMOND HILL	500
122911	A02	KWEESEO KIM	RICHMOND HILL	525
122911	A02	RAGTIME NEWSTAND	JAMAICA	500
Central Division				
123002	A02	MARTINEZ TARRA SHELL	NEWARK	700
123008	K02	ONE STOP DELI	ROSELLE PARK	520
123011	K04	APCO AGENCIES	CARTERET	225
123014	A02	NICASSIA MAIN	KEANSBURG	425
123015	A02	NANNIS GROCERY	HIGHLAND PARK	500
123015	K02	VAN'S GENERAL STORE	MILLTOWN	700
123015	K02	BECKERS NEWS	SOUTH RIVER	750
123015	A02	RACEWAY GAS	PARLIN	750
123016	E13	PIT STOP EXPRESS	EAST BRUNSWICK	200
123016	K01	JAMESBURG DELI	JAMESBURG	530

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5

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

CO-MARKETING - CIGARETTE OUTLETS

Program Requirements

- At least 51% of total in-store dollar volume is derived from the sales of cigarettes.
- *A minimum of 90% of total cigarette volume is sold to consumers.*
- 500+ cartons sold per week

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

CO-MARKETING - CIGARETTE OUTLETS

Program Requirements (cont.)

- Participate in and maintain compliance of all merchandising elements as defined in the Cigarette Outlet Merchandising Contract.

  - Self-Service Savings Center for RJR "Feature" Low Price brand in #1 position.
  - Self-Service Savings Center for other RJR Savings brands in no less than parity position with competitive displays.
  - No less than parity position at the most active register for RJR Full Price and Feature Low Price brand pack displays (FPD/SD).
  - Adequate Self-Service inventory on all RJR brands to support normal and promotional sales volume.
  - Indoor and outdoor signage for ongoing brand exposure, as well as price and promotion messages.

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

CO-MARKETING - CIGARETTE OUTLETS

Program Requirements (cont.)

- Participating retailers are responsible for ensuring RJR promotional product is sold to consumers only. The sale of RJR promotional product to retailers will result in the forfeiture of accrued money and termination of this agreement.

- "Distribution of all RJR brands in all price tiers as required" has been removed.

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

CO-MARKETING - CIGARETTE OUTLETS

Program Design

- Same structure as current Co-Marketing Program.
  - Option 1 - Base rate
  - Option 2 - Retailer/RJR Match
- Grids have been extended
- Promotion execution period changed to allow monthly promotions.

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

CIGARETTE OUTLET CO-MARKETING ACCRUAL GRID

Industry Weekly Volume	RJR Co-Mktg Accrual	Retailer Match	RJR Match	Max. Promotion Accrual
500 - 649	$64	$32	$32	$128
650 - 799	$82	$41	$41	$164
800 - 999	$102	$51	$51	$204
1000 - 1249	$126	$63	$63	$252
1250 - 1499	$154	$77	$77	$308
1500 - 1899	$192	$96	$96	$384
1900 - 2499	$248	$124	$124	$496
2500 - 2999	$310	$155	$155	$620
3000 - 3799	$382	$191	$191	$764
3800+	$484	$242	$242	$968

Based on 10¢ per carton, RJR SOM - 26%, volume midpoint of each category.

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62

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

RJR CO-MARKETING VERSUS PM FLEX

Industry Weekly Volume	RJR Base	Retailer/RJR Match	PM
500 - 649	$64	$128	$117
650 - 799	$82	$164	$147
800 - 999	$102	$204	$220
1000 - 1249	$126	$252	$311
1250 - 1499	$154	$308	$425
1500 - 1899	$192	$384	$568
1900 - 2499	$248	$496	$747
2500 - 2999	$310	$620	$970
3000 - 3799	$382	$764	$1250
3800+	$484	$968	$1598

- PM total Full Price volume 2 times RJR Full Price volume

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

R. J. REYNOLDS TOBACCO COMPANY
CO-MARKETING PROMOTION ACCRUAL CONTRACT - CIGARETTE OUTLETS

. Reynolds Tobacco Company ("RJR") is pleased to announce a Co-Marketing Promotion Accrual Program effective April 1, 1994. The Co-Marketing Promotion Accrual Program is available for participating retailers to utilize in promoting selected RJR Full Price brands and is designed to allow customization of promotions. Program Eligibility is available to Retail accounts that meet the following criteria:

- 51% or more of total in-store sales are cigarettes. A minimum of 90% of total volume must be sold to consumers.
- 500 + cartons sold per week.
- Participation in all merchandising elements as defined in the Cigarette Outlet Merchandising Contract.

PROGRAM OPTIONS

Option 1 • RJR Co-Marketing Promotion Accrual - monthly accrual based on industry volume grid.

Option 2 • RJR Co-Marketing Promotion Accrual with Retailer/RJR Match - monthly accrual with additional Retailer/RJR Match funds based on industry volume grid.

ACCRUAL AS FOLLOWS:

MONTHLY ACCRUAL CALCULATION

Option 1	E	F	G	H	I	J	K	L	M	N
Average Industry Volume	500-649	650-799	800-999	1000-1249	1250-1499	1500-1899	1900-2499	2500-2999	3000-3799	3800+
RJR Co-Marketing Promotion Accrual	$64	$82	$102	$126	$154	$192	$248	$310	$382	$484

MONTHLY ACCRUAL CALCULATION

Option 2	E	F	G	H	I	J	K	L	M	N
Average Industry Volume	500-649	650-799	800-999	1000-1249	1250-1499	1500-1899	1900-2499	2500-2999	3000-3799	3800+
Retailer Match	$32	$41	$51	$63	$77	$96	$124	$155	$191	$242
RJR Match/Co-Mktg Promotion Accrual	$96	$123	$153	$189	$231	$288	$372	$465	$573	$726
TOTAL ACCRUAL	$128	$164	$204	$252	$308	$384	$496	$620	$764	$968

PROGRAM OPTION REQUIREMENTS

OPTION 1

- Accrual process will begin on contract signing date if prior to the 15th day of the month. Sign up after the 15th day of the month will start accrual the following month.
- Co-Marketing Promotion Accrual funds are to be utilized to promote selected RJR Full Price brands as designated by an RJR Representative.
- All promotions require approval by RJR prior to implementation.
- Retailer reimbursement will occur as soon as practicable following successful completion of the subject pre-approved RJR Co-Marketing promotion.
- RJR Promotion Dollar Liability is limited to the allocated dollar amount of Co-Marketing Promotion Accrual as designated by RJR.
- Co-Marketing Promotion Accrual funds will be accrued by the month.
- Co-Marketing Promotion Accrual funds available for use during a quarter, but not utilized by the end of such period will revert to RJR. Funds may not be carried over to a subsequent quarter.

OPTION 2

- All requirements/benefits stated in Option 1 are applicable to Option 2.
- Retailer must provide matching funds in an amount equal to 50% of Option 1 rate. Retailer match dollars are utilized in the same manner as Option 1 funds and are payable not later than individual promotion completion.
- RJR will provide additional funds in an amount equal to Retailer Match monies. RJR Match monies will be accrued on a monthly basis and are available for use on the same basis as the Option 1 funds.

ADDITIONAL REQUIREMENTS

- Co-Marketing Promotion Accrual Program is available for qualifying retailers through December 31, 1994.
- Display size, quantity, promotional timeframe, and promotional type will be approved by an RJR Representative.
- Promotional advertising associated with RJR Full Price brands will be affixed to, or above each display, as approved by an RJR Representative.
- Retailer will not permit advertising of any kind, including that relating to retailers own products, to be affixed to RJR displays (temporary and/or permanent) without prior consent of RJR.
- Retailer agrees to maintain RJR displays and signage (temporary and/or permanent) in an unobstructed manner, in the location agreed upon by an RJR Representative. Changes in location of displays, or effectiveness of display location, will terminate this agreement.
- Retailer will provide RJR equal opportunity with its competitors to place temporary displays and temporary price/promotion signs as requested by an RJR Representative.
- Retailer further agrees that restricting RJR's ability to display, promote or distribute RJR brands, or the ability to compete equally with other tobacco companies in all areas at retail, will result in termination of this contract.
- Retailer will permit RJR to make reasonable audits of performance and to inspect and rotate RJR products.
- RJR reserves the right to modify or terminate this contract after notice to retailer. In event of failure of performance by the retailer, this contract may be terminated by RJR forthwith and without notice.
- **Participating retailers are responsible for ensuring RJR promotional product is sold to consumers only. The sale of RJR promotional product to retailers will result in forfeiture of accrued money and termination of this agreement.**

(over)

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

R. J. REYNOLDS TOBACCO COMPANY
CO-MARKETING PROMOTION ACCRUAL CONTRACT - CIGARETTE OUTLET

R. J. Reynolds Tobacco Company will make payments by check as soon as practicable. Accruals will be made for stores rendering full performance during a quarter, and on a pro rata basis for stores rendering performance for less than one full quarter but more than one calendar month. Retailer will not deduct amounts under contract from invoices due RJR. However, R. J. Reynolds Tobacco Company may withhold payment from the retailer if the retailer fails to provide R. J. Reynolds Tobacco Company with sufficient correct information to issue a Form 1099 to the retailer for any taxable year covered by this agreement. In the case of individual proprietorship, this sufficient correct information is his individual name and either his social security number or employer identification number for his sole proprietorship. In addition to the retailer's individual name, he may also provide his business name for the sole proprietorship, provided his individual name is listed before the business name. He may not furnish only the business name. With respect to partnerships, estates, trusts, and similar entities, this information is the entity's or retailer's employer identification number as it appears on the partnership's Form 8501 (I.R.S. Form number). As soon as the applicable information is provided to and processed by R. J. Reynolds Tobacco Company, it will release any such withheld payments to the retailer. This portion of the provision does not apply if the retailer is a corporation.

We/I the undersigned and R. J. Reynolds Tobacco Company, by signing below, thereby agree, for the type plan and stores designated below, to the terms and conditions of R. J. Reynolds Tobacco Company Co-Marketing Promotion Accrual Program, dated April 1, 1994.

Is your organization a corporation, government agency, or tax exempt? _____ YES _____ NO
If no, enter your name as shown on your Social Security Card and TIN in the applicable space provided below:

Individual Name: _____

Individual Proprietorship: __ __ __ - __ __ - __ __ __ __ (Social Security Number) or Partnership __ __ - __ __ __ __ __ __ __ (Employer ID Number)

Store Name (Please Print) _____ RJR Account No. _____
Street Address _____ RJR Territory No. _____
City/State _____ Zip Code _____
Call Classification _____ Branch (If Chain) _____

CIRCLE CORRECT PLAN UNDER APPROPRIATE WEEKLY INDUSTRY VOLUME CATEGORY

Option 1	E 500-649	F 650-799	G 800-999	H 1000-1249	I 1250-1499	J 1500-1899	K 1900-2499	L 2500-2999	M 3000-3749	N 3750+
RJR Co-Marketing Promotion Accrual	$64	$82	$102	$128	$154	$192	$249	$310	$382	$484
Option 2	E 500-649	F 650-799	G 800-999	H 1000-1249	I 1250-1499	J 1500-1899	K 1900-2499	L 2500-2999	M 3000-3749	N 3750+
RJR Match/Co-Mktg Promotion Accrual	$96	$123	$153	$189	$231 #279	$288	$372	$465	$573	$726

	CO-MKTG TYPE(S)	CO-MKTG PLANS	NUMBER OF QUALIFYING STORES	MONTHLY RATE	TOTAL QUARTERLY DOLLAR AMOUNT
Option 1	CMFCO				
Option 2	CMFCORJR				

_____ Date Contract Signed

_____ Contract Effective Date

Retailer's Signature _____

Title: _____

R. J. REYNOLDS TOBACCO COMPANY

By: _____

	FUNCTION	CONTRACT TYPE	PLAN	UNITS	EFFECTIVE
Function					
A = ADD					
E = END					
D = DELETE					
C = CHANGE					

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

FSC-222-A

May 11, 1994

TO: ALL AREA VICE PRESIDENTS, DIRECTORS OF OPERATIONS, REGION MANAGERS, CHAIN ACCOUNTS MANAGERS AND REGION OPERATIONS MANAGERS

RE: FULL PRICE AND SAVINGS BRAND PRESENCE ENHANCEMENT PROGRAM

Background

Based on increased brand promotion needs and competitive activity at retail the following program is designed to provide maximum flexibility in enhancing our retail presence in 1994.

This program should compliment the regional fund recently announced.

1994 Retail Program Enhancements

We are pleased to announce the availability of several tools to assist you in achieving enhanced presence for Full Price and Savings Brands, with the ultimate goal of achieving volume and profit objectives for 1994. You have at your disposal, the following:

- Semi-Permanent
  - Counter Displays
  - Floor Displays
  - Combo Pack/Carton Floor Displays
  - Signage Program
- Permanent
  - Savings Center Plan for Carton Outlets
  - Ability to re-examine mid to lower volume calls for Full Price and/or Savings Counter Displays (component contracts).

Objectives

The purpose of providing you additional display and signage tools is to allow you to establish display and promotional presence at retail. These tools will enable you to:

- Further support additional promotion activity.
- Pursue additional presence and volume opportunities (Full Price or Savings) that current merchandising contracts do not provide, i.e., 2 Full Price displays needed in particular call because opportunities exist on more Full Price brands than one display can accommodate.
- Establish a "Big Brand" presence for RJR's "Big Gun" Savings Brands.
- Capitalize on lower volume calls where display and volume opportunities exist.

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Approach

At your disposal is a combination of semi-permanent and permanent vehicles to implement this activity. Semi-permanent displays are a large part of your arsenal:

- Need for rapid implementation.
- Restrictive retail environment - permanent facings.
- Ability to utilize less expensive vehicles and increase payment value to retailers.

Permanent displays are also a viable option. You have the flexibility to enhance display capacity or location/position or signage with the payment structure of this program.

I. Full Price Brand Activity (Semi-Permanent)

Several opportunities exist at retail to secure an additional Full Price display:

- 2 brand families located on 1-2 tray FPD - (not enough space or exposure).
- Volume opportunities with brands other than those currently displayed, i.e., Base Winston, Salem, Vantage.
- Accounts where no RJR Full Price display exists.
- Additional impact for key emphasis brand in heavy-up markets.

*Additional displays should not be placed where Joe's Place is currently on location.

Flexibility exists for you to determine display type, location and brands to receive additional emphasis.

A. Brand Priority

The additional semi-permanent display will give you flexibility to provide display support for an additional brand or brand family depending on market and store needs. The additional display will provide additional promotional space for workplan promotions or co-marketing activity.

B. Display Location

Although this program generally features "semi-permanent" displays, payments associated with these displays will be competitive with other permanent displays offered to the retailer. Therefore, to ensure maximum benefit is derived from these vehicles, you must be aggressive when negotiating location with retailers. As a guide, you should follow placement guidelines associated with our permanent contracted displays.

Example:

PM and RJR occupying locations 1, 2 and 3 on a selling counter, you should strive for no less than location 4 or a better location using a floor display.

To meet competitive offers for locations and display types we are striving to achieve, the following describes payment guidelines for semi-permanent placements:

- Counter or Floor Display - $1 to $45

Semi-permanent display payments are not to exceed component contract payment rates.

Example #1:

- Joe's Market - Industry Weekly Volume - 110 CPW
- Available component contract payment - FPD $35 per month
- Semi-permanent Payment Range - Counter or Floor - $1 to $35 per month

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

B. Display Location (cont.)

Example #2:

- Joe's Market - Industry Weekly Volume - 280 CPW
- Available Component Contract Payment - FPD - $65 per month
- Semi-permanent Payment Range - Counter or Floor - $1 to $45 per month

NOTE - Although the payment rate under the component contract is $65 in this high volume account, the maximum payment for the semi-permanent display is $45.

Maintenance Bonus - A bonus equal to (1) monthly payment is available to retailers that maintain a semi-permanent Full Price Display in agreed upon location continuously for no less than 5 months.

C. Display Payment Method

To ensure accuracy in payment and renewals to retailers, payment will be made through the Contract Pay Register via S.I.S. contractual entries using contract types and plans as follows:

Display Payment Method

	Industry Volume	Type	Plan	Rate	Units	Beginning Date	Ending Date
Full Price Display Temporary Counter	76+	FPDT	C	$1-$45	1	When Placed	12/94
Full Price Display Temporary Floor	76+	FPDT	F	$1-$45	1	When Placed	12/94

SIS will be programmed to automatically insert the 12/94 ending date and will not allow manual entry of a date beyond 12/94. You can shorten the ending date by typing over 12/94.

D. Maintenance Bonus Payment Method

The maintenance bonus can be paid to retailers beginning 12/12/94, for those displays maintained for the entire term of the program and should be the equivalent of one extra monthly payment. This bonus will be paid through TPS via Draft or Voucher as follows:

Maintenance Bonus Payment Method

Handheld/PC Designation	Rate	# Units	Begin Date	End Date
FPDT Bonus - CTR	$1	1 - 45	12/12/94	3/3/95
FPDT Bonus - FLR	$1	1 - 45	12/12/94	3/3/95

→ CAREful - CAN ENTER 450 (No CAP)

SPECIAL NOTE - Since the retailer is required to maintain the display for 5 continuous months, and this program expires on 12/31/94, displays qualifying for the bonus payment must be placed no later than the first two weeks of August.

II. Savings Brand Activity (Semi-Permanent)

Recent learning suggests that an important element to marketing RJR Savings Brands (particularly DORAL) is a focused "Big Brand" presence at retail. To achieve this presence, additional semi-permanent counter and floor displays are available.

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

II. Savings Brand Activity (Semi-Permanent)

You should consider placing an additional Savings Display where:

- A better display location can be achieved versus the large 24 facing display currently on location.
- A location can be obtained next to a higher performing Savings Brand.
- Separating DORAL and Monarch improves pricing/advertising capability.
- No permanent display currently exists.

Floor displays (all pack or combination carton/pack) can be used in situations described above. These displays are normally more effective creating "Big Brand" presence due to size of the display and accompanying signage.

A. Brand Priority

Although you have flexibility determining brands to emphasize with an additional display, DORAL should normally receive primary emphasis based on our learning. However, Monarch can also benefit by placing additional DORAL displays through improved pricing message and focused presence on displays DORAL is vacating.

In some exceptional situations, Monarch may assume the "Big Brand" presence role and receive primary emphasis on additional displays. You should consult with your Region Manager if you have questions regarding brand priorities.

B. Display Location

Determining the best location for Savings Displays generally revolves around the Savings brand promotion activity in the store and identifying your competition. Realizing the "true market value" of a good display location, it may be possible to pay a lesser rate in a lower volume call or a call with minimal competitive activity. Conversely, good quality locations in mid to high volume outlets require appropriate payments. Quality of location should not be sacrificed for the minimal savings in display payments that may be realized. In stores where other Savings brands outsell DORAL or Monarch, primary emphasis should be locating a display next to the highest performing competitive brand. Where DORAL or Monarch out performs other Savings brands, the location that provides the most visibility to the consumer should be obtained (preferably away from direct competitors).

As with Full Price Displays, to meet competitive offers for display locations and types we desire, the following describes payment guidelines for semi-permanent placements:

- Counter or Floor Displays - $1 to $40
- Signage - $1 to $20

ONE OR THE OTHER *

Semi-permanent display payments should not exceed component contract payment rates. (See example payment guidelines for Semi-Permanent Full Price Displays).

Signage option may not be used in conjunction with paid semi-permanent Savings displays.

Maintenance Bonus - A bonus equal to (1) monthly payment is available to retailers that maintain a semi-permanent Savings brand display or signage in the agreed upon location continuously for no less than 5 months.

C. Signage Option

In outlets where current displays on location satisfy the opportunities listed above, you may elect to increase Savings brand signage (banners, price signage, etc.). You have the flexibility to substitute additional signage in lieu of an additional counter display or floor display.

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

D. Display Payment Method

Payment for Savings displays/signage will be handled the same as with previously mentioned Full Price Displays:

Display Payment Method

	Type	Plan	Rate	Begin Date	End Date
Savings Brand Display Temporary Counter	SDT	C	$1-$40	When Placed	12/94
Savings Brand Display Temporary Floor	SDT	F	$1-$40	When Placed	12/94
Savings Brand Signage	SDT	S	$1-$20	When Placed	12/94

SIS will be programmed to automatically insert the 12/94 ending date and will not allow manual entry of a date beyond 12/94. You can shorten the ending date by typing over 12/94.

E. Maintenance Bonus Payment Method

The maintenance bonus can be paid to retailers beginning 12/12/94, for those displays or signs maintained for the entire term of this program and should be the equivalent of one extra monthly payment. This bonus will be paid through TPS via Draft or Voucher as follows:

Maintenance Bonus Payment Method

Handheld/PC Designation	Rate	# Units	Begin Date	End Date
SDT Bonus - CTR	$1	1 - 40	12/12/94	3/3/95
SDT Bonus - FLR	$1	1 - 40	12/12/94	3/3/95
SD Sign Bonus	$1	1 - 20	12/12/94	3/3/95

SPECIAL NOTE - Since the retailer is required to maintain the display for 5 continuous months, and this program expires on 12/31/94, displays qualifying for the bonus payment must be placed no later than the first two weeks of August.

III. Semi-Permanent Display Retailer Agreement/Rate Sheet

Attached is retailer agreement designed for you to identify and confirm commitments for placement of semi-permanent displays. Also attached is a rate sheet, for you to reference when discussing details with retailers. This provides maximum flexibility in targeting the appropriate display and signage elements to each retail outlet.

IV. Fixtures/Displays

New and brand specific semi-permanent/temporary floor and counter displays are currently being designed and manufactured. Tentative availability is projected to be mid to late June. All pertinent ordering information will be communicated to you in the near future. You should use temporary/ permanent displays currently at your disposal to begin implementation.

Key displays being prepared to compliment these programs are as follows:

- Brand specific (WINSTON-CAMEL-DORAL) Dimension 4 Corrugated Floor Display, Temporary Gravity Carton/Pack Dump Bin Floor Display, Temporary and Semi-permanent Counter Displays. Special advertising kit for enhancing the above units for SALEM and VANTAGE are also being developed.

- Special POS Pricing Signage will be included to support these new programs.

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

V. Other Activity - Full Price & Savings Displays

In addition to the new semi-permanent display program discussed in this memo, you will soon have the ability to re-evaluate your retail accounts for new placements of permanent, contracted displays. In those outlets where contracted displays were removed due to budget restrictions and a volume opportunity exists, you will have the option to resign accounts to a permanent Full Price and/or Savings Display contract. Also in the near future, a revised Savings Center Pack Outlet contract will be provided that will enable you to use this contract in Carton Outlets. Your Region Manager will discuss budget dollars available to you to place new permanent displays.

In summary, you now have additional resources and vehicles at your disposal that will assist you in impacting RJR volume at retail. The success of this activity depends on how effective you are in negotiating proper display sizes and locations with retailers.

Program contacts: M. L. Buckler (1625), R. B. Grout (2196), T. J. Sullivan (2572)

R. J. REYNOLDS TOBACCO COMPANY

M-1
Attachments

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

TEMPORARY DISPLAY PROGRAM

R. J. Reynolds Tobacco Company is pleased to announce the Temporary Display Program, available to qualifying retailers through 12/31/94. The Temporary Display Program consists of various temporary display and temporary signage options, as listed below:

Temporary Display		Temporary Signage	
Counter Pack Display	$_____	_____	$_____
Combination Pack/Carton Floor Display	$_____	_____	
Carton Floor Display	$_____	_____	

Temporary Display options can be renewed each month through 12/31/94.

A maintenance bonus of $_____ will be paid to retailer, for maintaining agreed upon Temporary

Displays/Signage until _____.

Monthly Temporary Payment $_____

Maintenance Bonus $_____

Store Name _____ _____ SIS Number

Store Address _____

_____

_____

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_____ _____

Retailer RJR Representative

R. J. Reynolds Tobacco Company will make payments by check as soon as practicable after the end of each calendar quarter. Payments will be made for stores rendering full performance during a quarter, and on a pro rata basis for stores rendering performance for less than one full quarter but more than one calendar month. Retailer will not deduct amounts due under contract from invoices due RJR.

R. J. Reynolds Tobacco Company may withhold payment from the retailer if the retailer fails to provide R. J. Reynolds Tobacco Company with sufficient correct information to issue a Form 1099 to the retailer for any taxable year covered by this agreement. In the case of individual proprietorship, this sufficient correct information is the person's individual name and either social security number or employer identification number for the sole proprietorship. In addition to the retailer's individual name, retailer may also provide the business name for the sole proprietorship, provided the individual name is listed before the business name. Retailer may not furnish only the business name. With respect to partnerships, trusts, and similar entities, the necessary information is the entity's or retailer's employer identification number as it appears on the partnership's Form 8501 (I.R.S. Form number). As soon as the applicable information is provided to and processed by R. J. Reynolds Tobacco Company, it will release any withheld payments to the retailer. Note: This paragraph is not applicable if the retailer is a corporation.

The undersigned and R. J. Reynolds Tobacco Company, hereby agree, for the type plan and stores designated below, to the terms and conditions of R. J. Reynolds Tobacco Company Temporary Display Program.

Is your organization a corporation, government agency, or tax exempt? __ YES __ NO
If no, enter your name as shown on your Social Security Card and TIN in the applicable space provided below:

Individual Name: _____.

Individual Proprietorship: __ __ __-__ __-__ __ __ __ (Social Security Number) or Partnership __ __-__ __ __ __ __ __ __ (Employer ID Number)

	FUNCTION	TEMPORARY DISPLAY TYPE	PLAN	UNITS	EFFECTIVE
Function					
A = ADD					
E = END					
D = DELETE					
C = CHANGE					

72

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

RATE SHEET

FULL PRICE

Display Payment Method

	Industry Volume	Type	Plan	Rate	Units	Beginning Date	Ending Date
Full Price Display Temporary Counter	76+	FPDT	C	$1-$45	1	When Placed	12/94
Full Price Display Temporary Floor	76+	FPDT	F	$1-$45	1	When Placed	12/94

Maintenance Bonus Payment Method

Handheld/PC Designation	Rate	# Units	Begin Date	End Date
FPDT Bonus - CTR	$1	1 - 45	12/12/94	3/3/95
FPDT Bonus - FLR	$1	1 - 45	12/12/94	3/3/95

SAVINGS

Display Payment Method

	Type	Plan	Rate	Begin Date	End Date
Savings Brand Display Temporary Counter	SDT	C	$1-$40	When Placed	12/94
Savings Brand Display Temporary Floor	SDT	F	$1-$40	When Placed	12/94
Savings Brand Signage	SDT	S	$1-$20	When Placed	12/94

Maintenance Bonus Payment Method

Handheld/PC Designation	Rate	# Units	Begin Date	End Date
SDT Bonus - CTR	$1	1 - 40	12/12/94	3/3/95
SDT Bonus - FLR	$1	1 - 40	12/12/94	3/3/95
SD Sign Bonus	$1	1 - 20	12/12/94	3/3/95

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73

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

May 9, 1994

To:	Bob Snow	Rory O'Rourke
	Mark Goodman	Mike Jacques
	Scott Steen	Barbara Simkins
	Jack Borgen	Don Fitzgerald
	Frank Armstrong	Frank Thomas
	Reese Stanley	Kathy Lewis
	Joe Bishop	Skip Lanterna
	Larry Harbaugh	Fred Weber
	Alan James	John Boehm
	Tom Goudreault	Chris Pendy
	Tom Odom	Mark Hirsch

Subject: REVISED 1994 ONE-SHEET CONTRACT

As advised via voice mail Wednesday, the "One-Sheet Retail Advertising Agreement" has been revised to reflect a variable rate of $1.00 to $30.00, as opposed to the original fixed rate of $30.00. This will give those wishing to pay less than $30.00 per month the flexibility to do so.

We have attached a copy of the revised contract. Carbonized contract will be available for order around May 20. Commodity number, 466901, and packing of 25 forms per SKU, did not change.
ON BACK ORDER FOR EACH DIVISION AS OF TODAY

Please note the only change to previously announced contract entry information is that actual monthly payment will need to be typed in. Amount should not exceed $30.00 (system will not automatically catch this if amount entered is more than $30.00 -- per Chris Minner).

Type	Plan	Units	Rate
ONE-SHEET	OS	1	$1.00 to $30.00

It is critical that the information on the back, bottom section of contract (in box above contract entry information) be completed in its entirety. This information will tell us how many one and two-sheets of each brand to produce. Store phone number and contact name are information outside agency will need when placing the one-sheet sold by you. In addition, it is very important that a very specific description of "Agreed Upon Location of One-Sheet Frame" be written in its section at top, backside of contract, so there will be no question by the outside agency as to where the one-sheet frame should be installed.

Copies of the back of the contract should be mailed to me until you receive carbonized copies of the contract. Once you get these, the second copy (marked "submit to Merchandising Department – Winston-Salem") can be forwarded to me.

can we used one? need for contracts.

It appears that July will be the month that the first copy changes will occur, new frames will be placed~~, and old frames picked up~~, due to pay register cutoff date being at the end of June. Please advise if you would rather have your part-timers handle placements of frames and/or new posters, and we will not make arrangements for an outside agency to handle your market(s).

PT's

5 DIVISION - DO W/ PT'S

W/ OUTSIDE AGENCY

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74

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Please advise if you have any questions.

Sincerely,

Jacquie

Jacqueline M. McLaurin

Attachment

cc: Sam Hendrix
George Baroody
Jim Best
Pat Cundari
Glenn Hanes
Ed McAtee
Denny Bomgardner
Charlie Davis
Jim Powers
Wayne Tucker
Ken Hedrick

(fsc1sht1.doc)

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

RJRT Form 826 - Rev. 5/94
Item No. 466901

R. J. REYNOLDS TOBACCO COMPANY

ONE-SHEET RETAIL ADVERTISING AGREEMENT

R. J. Reynolds Tobacco Company (RJRT) is pleased to announce the "One-Sheet Retail Advertising Agreement" effective April 1, 1994. This plan is available to all retailers operating stores which sell cigarettes.

One-Sheet Retail Advertising Agreement

RJRT will provide an on-premise outdoor sign to help promote the sale of its products. RJRT reserves the right for final approval of the location of the sign.

Additional Requirements

- Placements to remain through calendar year 1994. RJRT reserves the right to renew this agreement beyond December 31, 1994.
- RJRT shall remain the owner of all signs and posters installed on retailer's premises.
- Retailer agrees to maintain the advertising copy provided by RJRT in the one-sheet frame.
- RJRT reserves the right to periodically replace the advertising copy.
- Retailer will not permit advertising of any kind, including that relating to retailer's own products, to be affixed to RJRT one-sheet.
- Retailer agrees to maintain RJRT one-sheet in unobstructed manner in the location agreed upon by an RJR Representative. Changes in location will terminate this agreement.
- RJRT reserves the right to modify or terminate this contract at any time with notice to retailer. In the event of failure of performance by the retailer, this contract may be terminated by RJRT forthwith and without notice.
- Retailer further agrees that restricting RJRT's ability to display, promote, or distribute RJRT brands, or the ability to compete equally with other tobacco companies in all areas at retail, will result in termination of this agreement.

R. J. Reynolds Tobacco Company (RJRT) will make payments by check as soon as practicable. Payments will be made for stores rendering full performance during a quarter, and on a pro rata basis for stores rendering performance for less than one full quarter but more than one calendar month. Retailer will not deduct amounts due under contract from invoices due RJRT. However, RJRT may withhold payment from the retailer if the retailer fails to provide RJRT with sufficient correct information to issue a Form 1099 to the retailer for any taxable year covered by this agreement. In the case of an individual proprietorship, this sufficient correct information is his/her individual name and either his/her social security number or employer identification number for his/her sole proprietorship. In addition to the retailer's individual name, he/she may also provide his/her business name for the sole proprietorship, provided his/her individual name is listed before the business name. He/She may not furnish only the business name. With respect to partnerships, estates, trusts, and similar entities, this information is the entity's or retailer's employer identification number as it appears on the partnership's Form 8501 (I.R.S. Form number). As soon as the applicable information is provided to and processed by RJRT it will release any such withheld payments to the retailer. This portion of the provision does not apply if the retailer is a corporation.

This offer is extended pursuant to RJRT's general display plan. In the judgment of RJRT, it is made available on proportionately equal terms to all competing retailers.

This contract will remain in effect until terminated upon notice by either party. In the event of failure of performance by retailer, this contract may be terminated by RJRT.

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76

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

We/I understand that failure of performance of any of the above terms and conditions would no longer entitle retailer to participate in the RJRT One-Sheet Advertising Agreement and to utilize in any way the frame sign furnished by RJRT for this program.

DESCRIBE BELOW AGREED UPON LOCATION OF ONE-SHEET FRAME:

_____

_____

If you wish to accept this offer, please sign and date below, and return the original to your RJRT Representative.

Is your organization a corporation, government agency, or tax exempt? ____ Yes ____ No
If no, enter your name as shown on your Social Security Card and TIN in the applicable space provided below:

Individual Name:_____
Individual
Proprietorship: ___ ___ ___-___ ___ ___-___ ___ ___ ___ or Partnership ___ ___-___ ___ ___ ___ ___ ___ ___
(Social Security Number) (Employer ID Number)

Store Name (Please Print)_____ RJR Account No_____

Street Address_____ RJR Territory No_____

City/State_____ Zip Code_____

Call Classification_____ Branch_____

NUMBER OF QUALIFYING STORES _____ MONTHLY PAYMENT PER STORE $_____	TOTAL QUARTERLY DOLLAR AMOUNT $_____

_____
(Date Contract Signed)

Retailer's Signature_____

Title:_____

_____
(Contract Effective Date)

R. J. REYNOLDS TOBACCO COMPANY

By:_____

TO BE COMPLETED BY RJRT REPRESENTATIVE		
Check Ad Copy To Be Placed In One-Sheet	**Store Phone Number**	**Check Actual Size of Frame**
___ Winston Select ___ Camel ___ Doral	**Store Contact Name**	___ One- Sheet (30" X 46") ___ Two-Sheet (approximately 92" X 60")

Function	FUNCTION	CONTRACT TYPE	PLAN	UNITS	EFFECTIVE
A = ADD					
E = END					
D = DELETE					
C = CHANGE					

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

TDI - NY Will Not Sell units Back to Reg.

REVISED 1994 ONE-SHEET PROGRAM

North East Sales Area

Region #	Region	Markets	# Current Locations	# Authorized Locations	9 Month Budget
1100	Boston	Boston	500	385	~~$103,950~~
1200	New York Metro	Entire Region	900	~~490~~ 400	~~$132,300~~ $108,000
1300	Philadelphia	Philadelphia	400	285	$76,950
1500	Hartford	Hartford	200	~~150~~ 240	$40,500 $67,800
1600	Buffalo	**Buffalo	205	337	$90,990
1600	Buffalo	Cleveland	300	195	$52,650
	**Includes Camel Heavy-Up Budget				
1700	Pittsburgh	Pittsburgh	300	225	$60,750
	TOTALS		2,805	2,067	$558,090

Which one?

All existing locations to NOT ours!

WE NEED 400 New Locations

- Adjustment Due to Locations in Long Island/Yonkers Listed in New York

Current N/ Supplier T.D.I Did NOT Sell one sheet to us - Could also include New Jersey locations

- April 1 implementation

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78

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Section #5
"Savings Brands"
(Doral vs. Monarch)

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Region Savings Performance Review - 1Q

Share of Category

	1994					
	Oct	Nov	Dec	Jan	Feb	Mar
Marlin						
National	35.80	35.50	35.50	35.30	35.60	
NESA	35.42	35.34	35.59	33.09	33.28	
Boston	26.22	27.05	26.83	25.13	24.73	
NY	29.81	28.96	28.35	25.12	24.14	
Phil	39.59	37.79	36.68	38.84	40.50	
Hartford	44.49	45.85	46.37	40.36	37.65	
Buffalo	44.42	44.28	45.84	42.85	40.35	
Pittsburgh	31.47	31.72	31.37	28.15	28.59	
MSA						
National	34.54	33.94	32.46	36.61	36.03	33.21
NESA	32.23	33.11	32.75	35.74	36.02	31.59
Boston	25.08	26.56	23.40	24.60	24.82	22.47
NY	25.76	30.38	25.72	29.80	31.50	23.82
Phil	31.80	30.39	33.51	35.70	37.37	33.59
Hartford	32.57	34.27	30.42	33.57	33.22	27.45
Buffalo	38.64	37.76	42.35	47.73	46.64	38.65
Pittsburgh	31.87	33.66	31.71	34.92	34.31	32.46

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79

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Doral vs. Monarch

With the national support decked up on Doral Nationally, do we continue to treat Monarch as our Priority brand?

Marlin	"Doral" Feb-93	"Doral" May-93	"Doral" Aug-93	"Doral" Nov-93	"Doral" Feb-94	"Monarch" Feb-93	"Monarch" May-93	"Monarch" Aug-93	"Monarch" Nov-93	"Monarch" Feb-94
SOM National	3.84%	3.86%	4.14%	4.00%	4.35%	1.83%	1.93%	1.91%	1.91%	1.87%
SOM NYM	0.96%	0.94%	0.91%	0.96%	0.90%	0.33%	0.53%	0.72%	0.58%	0.54%
SOC National	12.07%	11.41%	12.94%	13.43%	14.33%	5.75%	5.70%	5.98%	6.41%	6.36%
SOC NYM	12.77%	12.88%	12.83%	14.64%	12.69%	4.34%	7.30%	10.35%	8.66%	8.47%

YTD Case Shipments

	1200	1224	1225	1226	1229	1230
Doral	4179 (+2%)	304 (+99%)	435 (+5%)	767 (+39%)	500 -41%	2174 -5%
Monarch	5669 -26%	325 (+7?%)	616 -42%	1129 -30%	1246 -43%	2354 -12%

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

NEW SAVINGS DYNAMICS

April '94

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

New Savings Dynamics

First quarter assessment of Savings clearly indicates new dynamics shaping the segment and smoker attitudes/behavior.

Segment

- **Profitability** - Savings has doubled in % of Industry profits (10% to 20%). Savings profit varies significantly by company (PM < 10% vs. B&W > 50%).

- **Retail Pricing** - ½ the price gap FP vs. Savings (50¢ vs. 90¢ average pack). Mid Price and Lowest prices have converged (5¢ vs. 35¢ average pack) but activity at the Lowest tier continues.

- **Retail Promotion** - 50% less price discounting (coverage and values). More value-added promotions (flighted $$, BSGSF, premiums).

- **Market Dynamics** - "Value" markets (2-3 price tiers, smaller gap, higher net prices). "Price" markets (3-5 price tiers, larger gap, less loyalty).

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

New Savings Dynamics (cont.)

Brand/Smoker

• **Mainstream Acceptability**	-	• More choices • Mass presence • Higher perceived quality • More group affiliation.
• **Greater Brand Loyalty**	-	Loyalty to major Savings brands is similar to that of Full Price historically. (80-90% SOR from UB's today vs. 60-70% in 1990.)
• **Big Brands Dominate**	-	Top 3 (DORAL, Basic, GPC) are almost 15% of Industry and 45% of Savings.
• **Purchase Decision Factors**	-	From price driven to combination of Price, Presence, Product Equity factors.

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Retail/Consumer Assessment

In-store Savings observations during the day and consumer focus groups at night has been conducted in all Sales Areas, providing an effective overview and perspective on Savings in the market.

The following markets have participated to date:

- Birmingham
- Memphis
- Charlotte
- Tampa
- Tulsa
- Indianapolis
- Denver
- Buffalo

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

What have we learned on DORAL?

- Well known for good taste/quality at reasonable price
- Heritage and size is a strength for the brand
- Closest to Full Price in overall quality/taste
- Perceived to be higher priced than Basic, GPC
- Lacking in strong leadership presence
- Riding on momentum - vs - being "today's Savings brand"
  (DORAL needs more visibility and new news to optimize its opportunity)
- New packaging has helped - good consumer reaction
- If head to head on price and presence, DORAL wins vs. Basic/GPC (consumers still want as much for their $$ as they can get)
- DORAL is essentially positioned for what Savings smokers want going forward:
  - Big, popular brand (legitimate)
  - Dual male/female, regular/menthol, no specific skew (mainstream)
  - Competitively priced
  - Good taste/quality perceptions

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

What have we learned on Basic/GPC?

- Both are achieving critical mass with strong store presence (and are seen as superior to DORAL in terms of presence by consumers in most markets).

- Basic's current retail formula is broad availability, visibility and flighted value-added promotions (BSGSF, premiums).
  GPC's retail formula is mass presence with substantial price discounting.

- Both are single-minded top Savings priorities for PM and B&W, respectively. This has been clearly communicated to field personnel.

- Basic has captured a viable attitude in the minds of some Savings smokers ("anti-brand and proud of it").
  GPC is more the dependable, low cost alternative ("cheap and proud of it").

- PM is investigating significant $$ to build the Basic brand
  - Continued substantial media presence
  - Quarterly (at least) FSI coupons for trial/repeat purchase
  - Multiple flighted promotions at retail
  - Special presence programs (Retail Masters condition)
  - National direct mail resulting from significant name generation effort to date

B&W shows some signs of following PM's lead.....
- National Out-of-Home for new packaging
- Limited newspaper trial offer (Calif.)

.... but essentially is focusing at retail.

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

RJR SAVINGS OVERVIEW

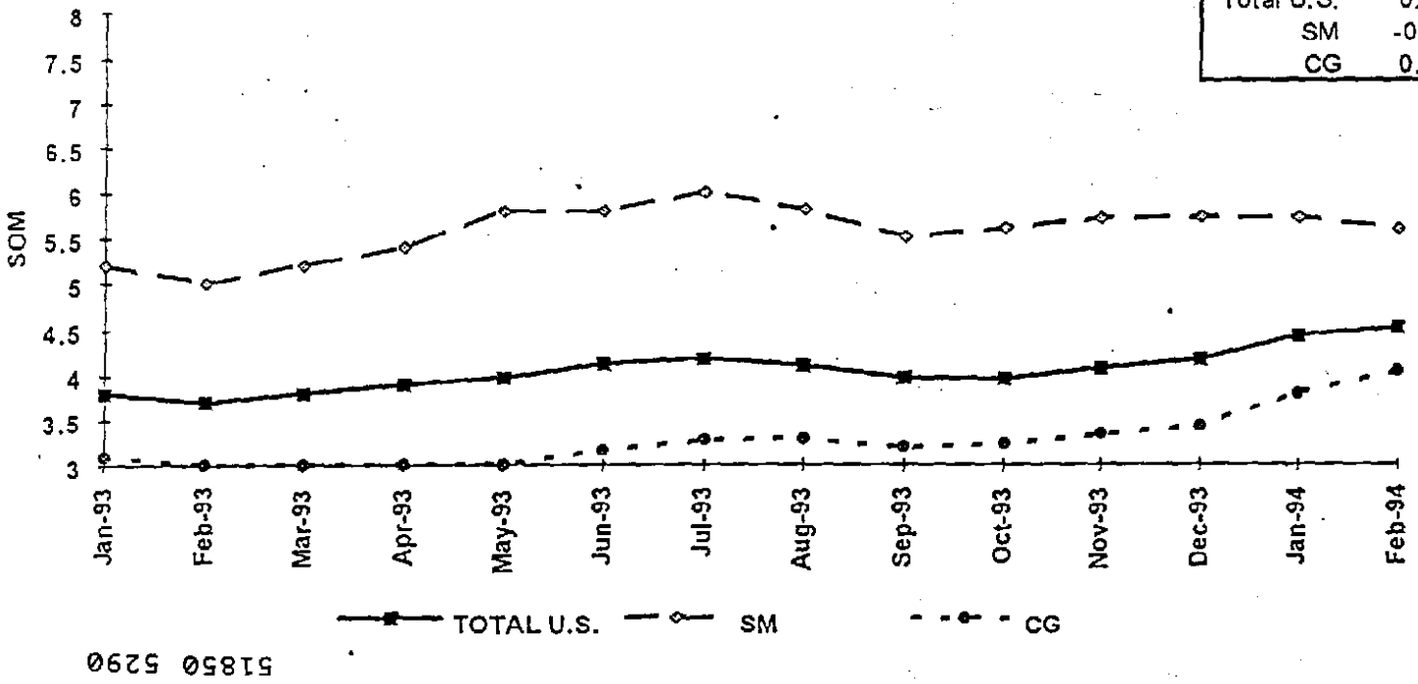
STRATEGY: GROW SHARE ON DORAL

After an initial decline following the price rollback, DORAL's business stabilized.

- Recent accelerated gains in C/G due to promotion/presence activities associated with the introduction of the new packaging.
- Refined Savings Vision, including Sales Visits/Retail Initiatives, are expected to allow DORAL to sustain share momentum in upcoming months.

DORAL

	YTD '94 vs. NOV/DEC '93	
	CHG.	% CHG.
Total U.S.	0.34	8.25%
SM	-0.06	-1.05%
CG	0.54	15.83%



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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

BDI - QTR Feb 94
Source: MARLIN

MARKET	DORAL	TOTAL BOX	SAVINGS BOX	GPC BOX	MONTCLAIR BOX
S.CALIFORNIA	43	145	176	348	190
DENVER	82	99	125	323	190
N.CALIFORNIA	40	139	138	297	138
BOSTON	31	156	191	293	230
SEATTLE	98	86	91	192	53
ST.LOUIS	84	72	100	156	32
MINNEAPOLIS	98	98	111	112	158
OKLAHOMA CITY	103	71	85	90	35
S.FLORIDA	140	120	97	80	102
WASHINGTON	68	106	100	75	108
PHILADELPHIA	51	157	102	65	84
PITTSBURGH	91	75	116	61	80
DALLAS	188	97	99	58	53
ATLANTA	142	78	83	58	40
WINSTON-SALEM	173	53	117	56	317
CINCINNATI	147	59	92	49	52
CHICAGO	64	108	77	48	21
HOUSTON	212	103	80	44	30
BUFFALO	94	90	110	40	313
MEMPHIS	152	65	70	34	15
HARTFORD	23	177	77	25	115
DETROIT	73	71	76	17	25
NEW YORK METRO	21	176	50	16	52
BIRMINGHAM	134	55	68	7	25

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87

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

HAVE WE DONE

FSC-186-A

April 21, 1994

To All Region Operations Managers

Subject: Peer Marketing Associates --"Full Partner" Program

The Forsyth Products Group needs your assistance in working with those distributors associated with Peer Marketing. (Account List - Attachment I). It is important that RJR meets with all Peer Marketing distributors to discuss the new "Full Partnership" Program offered by Forsyth and RJR. (Full Partner Program - Attachment II). Forsyth believes that with the current Peer pricing (Peer Pricing - Attachment III) and RJR's full partner support, in conjunction with RJR's new F.O.C.U.S. Program, we can achieve a more positive partnership with Peer Marketing.

Please contact all Peer members as soon as possible and discuss our new program of identifying full partners. Review pricing and, of course, be sure to remind the Peer members of the positive effect this partnership could have on it's RJR F.O.C.U.S. Program.

We request that you complete the Full Partner Requirements Form (Attachment IV) and fax to both Jim Piscitelli (Forsyth) and Leslie Chick (Peer) at the fax numbers on the form. We would appreciate receiving these forms no later than May 25.

Potential New Peer Members (Attachment V)

We are currently negotiating with Peer to expand current brands in some geographical areas. Peer's board will then consider a "Limited Membership" for Forsyth brands. Based on requests from wholesalers, due to our F.O.C.U.S. Program, and , no additional Forsyth brands available to distributors, a wholesaler could obtain a brand from Peer. If you identify distributors that may be interested in being our "Full Partner" and would consider joining Peer, complete Attachment V and fax to J. M. Piscitelli and Mr. Leslie Chick. Wholesaler will be contacted directly by Peer at a later date.

Your cooperation in handling this project for Forsyth and Peer is most appreciated. Please consider all the information in this letter and it's attachments as ***CONFIDENTIAL*** between you and your Peer members.

If you have any questions, please direct them to Jim Piscitelli at 216-779-1888.

Good Selling!

FORSYTH TOBACCO PRODUCTS
A Division of R. J. Reynolds Tobacco Company

Attachments
(All attachments are not on e-mail, they were mailed to the field.)
S-3

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88

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

ATTACHMENT A

Qualifications to Become a Full Partner with Forsyth

To qualify as a Full Partner, a Forsyth contracted customer must:

- Use off-invoice to keep Forsyth private label price competitive.
- Develop programs using alliance accrual to build Forsyth private label business.
- Maintain Forsyth private label as the everyday low priced brand offered, with minimal support for competitive programs.
- Decline to carry non-Forsyth products that sell at prevailing private brand prices.

If the Forsyth contracted customer meets these qualifications, he will be identified as a FULL PARTNER. Field sales will be notified by the appropriate AVP of the FULL PARTNER status, and field sales will support the FULL PARTNER with appropriate buy-downs to assure that the Forsyth private brand is competitive at the retail level. If the Forsyth contracted customer does not qualify as a FULL PARTNER, field sales will use Monarch, Doral or Best Value, rather than the Forsyth private label, to maintain our competitive position at retail.

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

R J Reynolds
Tobacco Company

ATTACHMENT II

TO: J. W. Best
P. J. Cundari
S. G. Hanes
E. M. McAtee

FROM: J. R. Helm

SUBJECT: Identification of "Full Partner" Private Label Brands

DATE: March 22, 1994

There is a need to clear up apparent confusion in some circumstances about the direction the field should follow in trying to keep our brands competitive at retail. When our brands are being undersold and one of our private labels is present, should we give buy-down support to one of our general market low end brands or to the private label?

As the success of a private label brand depends primarily upon the willingness of our contracted private label customer to get fully behind it and work it, we will apply additional resources only where the customer is a Full Partner. Otherwise, our best opportunity is with our general market brands.

In order for us to have throughout our organization a clear understanding of when we should provide additional support to help our private label brands and when we should not, the Forsyth group has initiated a new set of qualifications to identify Full Partner customers.

The Forsyth group over the next 30 to 60 days will be looking at all private label brands to see which customers qualify as Full Partner. We will be informing our contracted customers of the results of this review. We will be also informing them that if they meet the qualifications, the RJR sales organization will provide additional support at retail for their private label brand. If they do not meet the qualifications, the RJR sales force will not provide additional private label support, and will instead focus on one of our general market brands.

I have attached the qualifications and the field sales action plan when a partner qualifies (Attachment A). When I receive the qualified full partner list from our Forsyth National Account Managers, the identified partners will be sent to you in order that you can inform your field sales personnel to support the "Full Partner". Peer Marketing members will be qualified by your personnel through a special letter going to them the week of 4/18.

We believe that with this procedure in place, all levels of our sales organization will be in a position to understand which private label brands Forsyth and RJR are going to work at retail.

J. R. Helm
Attachments

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90

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

ATTACHMENT IV

Fax to: J. M. Piscitelli - 216/779-1889
Leslie Chick - 201/368-9784

Peer Account Name: _____

Address: _____

City, State Zip: _____

Account #: _____ Brand: _____

Phone #: _____ Fax # : _____

Presentation date: _____

Presentation to (Peer Member) _____

Presentation by (RJR Manager) _____ Div. #_____

I agree to qualifications to become a "Full Partner" with RJR/Forsyth. RJR Field Sales will support my _____ at retail.
(brand name)

_____ _____
Peer Member RJR Manager

I decline to become a "Full Partner" of RJR/Forsyth; however, will still carry _____ to meet the needs of my customers.
(brand name)

_____ _____
Peer Member RJR Manager

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

ATTACHMENT V

Fax to: J. M. Piscitelli - 216/779-1889
Leslie Chick - 201/368-9784

Wholesaler: _____

Address: _____

City, State, Zip: _____

Contact: _____ RJR Manager _____

Account #: _____ Division #_____

Phone #: _____ Fax # _____

I am interested in obtaining information to become a Peer member.

_____ _____
(Wholesaler) (Date)

Geographical area needed: (State and Counties)

_____

_____

_____

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92

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

JAMESWAY DISC. (98)
TWIN COUNTY (FOODTOWN) 163
HOME LIQUOR STORES (10)
KINGS SUPERMARKETS (19)

J.M. Piscitelli
Forsyth Products
Inter-Office Memo

April 20, 1994

To: R. C. Farmer
J. R. Loflin, Jr.
B. G. Norman
P. E. Schmidt
M. A. Young

Subject: Monarch/Best Value Contract

As previously discussed, forthcoming is copy of the Monarch/Best Value agreement and detailed procedures to handle payments. For those not in on the conference call of this morning, I reviewed this with all CAM's and ROU's.

At your convenience, I would appreciate your providing me a list of accounts where this program should be pursued.

Once you have forwarded this approved targeted list, your respective managers should contact me at their earliest convenience to discuss these accounts.

Please contact me if you have any questions.

Jim Piscitelli

JMP/dmb
Attachments

cc: E. M. McAtee
J. E. Powers

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

MONARCH PRICING AGREEMENT

Retailer, if given certain pricing protection against lower priced competitive products, agrees to offer and promote MONARCH as its primary cigarette in the lowest price category at their everyday low price and to provide MONARCH with preferred merchandising space and locations as compared to other products in the low price category.

Based upon Retailer's representation of current competitive offers available to Retailer, the parties have determined that the Retailer is eligible for a monthly per carton rebate. Retailer acknowledges that the amount of this monthly per carton rebate is subject to periodic upward or downward adjustment due to changes in competitive offers available to Retailer.

Either party may cancel this pricing promotion on thirty (30) days notice. This promotion will also immediately become void should Retailer fail to feature and promote MONARCH as agreed.

This offer is being made by RJR in selected markets to meet certain competitive situations and may not be available to all Retailers within selected markets.

OFFERED: R. J. REYNOLDS TOBACCO COMPANY

By:_____

ACCEPTED: _____

By:_____

Dated:_____

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

BEST VALUE PRICING AGREEMENT

Retailer, if given certain pricing protection against lower priced competitive products, agrees to offer and promote BEST VALUE as its primary cigarette in the lowest price category at their everyday low price and to provide BEST VALUE with preferred merchandising space and locations as compared to other products in the low price category.

Based upon Retailer's representation of current competitive offers available to Retailer, the parties have determined that the Retailer is eligible for a monthly per carton rebate. Retailer acknowledges that the amount of this monthly per carton rebate is subject to periodic upward or downward adjustment due to changes in competitive offers available to Retailer.

Either party may cancel this pricing promotion on thirty (30) days notice. This promotion will also immediately become void should Retailer fail to feature and promote BEST VALUE as agreed.

This offer is being made by RJR in selected markets to meet certain competitive situations and may not be available to all Retailers within selected markets.

OFFERED: R. J. REYNOLDS TOBACCO COMPANY

By:_____

ACCEPTED: _____

By:_____

Dated:_____

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

MONARCH / BEST VALUE CONTRACT

DETAILED PROCEDURES

Contracts are *only available* from Forsyth National Account Managers (NAMs)

Field managers and NAMs should identify potential customers eligible for the contract. It is the NAM's responsibility to approve accounts that are eligible for the contract. Please note - distributors are not eligible for this contract.

Once the NAM has approved an account, the contract can be presented to that account. Presentations can be made by the appropriate field sales manager without a Forsyth NAM with the NAM's concurrence.

Contracts should be signed by the customer and the appropriate RJR field manager making the presentation.

Original contracts should be retained by the appropriate field sales manager.

A copy of the signed contract should be sent to Kathryn Noxon, Reynolds 6 (10601), Forsyth group, before any payments are submitted.

Payments should be made to these accounts *by the field sales manager* through TPS. These payments will be charged against the appropriate regional Savings budget. The following display codes are available for payment in the office p/c *only*.

Monarch Contract	(listed as Mon Contract)	$1.50
Best Value Contract	(listed as B Val Contract)	$1.50

Payments will be monitored monthly by Kathryn Noxon. Special monthly reporting will be available to the NAMs.

Please remember - The retailer should not pass along this $1.50 payment to their customers *unless* competitive activity is occurring in the marketplace. Additional buy-downs can be made based on the local manager's discretion; however, the retailer must use at least $1.00 of the contract payment to support the buy-down amount needed.

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(4/14/94)

96

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

SEP

RECEIVED MAR 2 5 1994

R J Reynolds
Tobacco Company

They will
Tell us who is
A Full Partner

TO: J. W. Best
P. J. Cundari
S. G. Hanes
E. M. McAtee

FROM: J. R. Helm

SUBJECT: Identification of "Full Partner" Private Label Brands

DATE: March 22, 1994

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I have attached the qualifications and the field sales action plan when a partner qualifies (attachment A). I have also attached a sample letter we will send to you when we have identified a Full Partner (attachment B).

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

We believe that with this procedure in place, all levels of our sales organization will be in a position to understand which private label brands Forsyth and RJR are going to work at retail.

Sincerely,

J. R. Helm
Attachments

cc: Y. W. Ford
R. S. Hendrix
G. C. Pennell
M. O. Johnson
P. H. Ramm
D. L. Bomgardner
C. M. Davis
J. E. Powers
W. F. Tucker
J. H. Drew
R. L. Flori
R. N. Young
J. S. Farmer
M. L. Jones
M. L. Nutting
D. E. Owens
J. M. Piscitelli
P. N. Vlahos

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

ATTACHMENT A

Qualifications to Become a Full Partner with Forsyth

To qualify as a Full Partner, a Forsyth contracted customer must:

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- Develop programs using alliance accrual to build Forsyth private label business.
- Maintain Forsyth private label as the everyday low priced brand offered, with minimal support for competitive programs.
- Decline to carry non-Forsyth products that sell at prevailing private brand prices.

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

ATTACHMENT B

(Example of letter from National Account Manager to Appropriate Area Vice President announcing a full partnership.)

TO: Jim Best

SUBJECT: "Full" Partner - J. T. Davenport

Dear Jim:

I am pleased to inform you that the Forsyth group has identified J. T. Davenport as a Full Partner in that they meet all our qualifications for this classification. I would appreciate you informing your field sales organization to begin retail support of this Full Partner's private label as we have outlined in our previous communications to you.

Thank you for your cooperation.

Sincerely,

M. L. Nutting

cc: J. R. Helm
Partner (J. T. Davenport)

51850 5304

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

FORSYTH PARTNERSHIP GUIDELINES

Situation	Chain Partner	Gro. Whse. Partner	Tob. Dist.
Competition buying down or aggressive pricing in stores in the same trading area as partner.	• CAM/SAM identify problem through store surveys, Div. Mgt/Rep information or Chain Headquarter Contact. • Determine action - # Stores needing protection - Competitive area - Amount disadvantaged - Time period • How much chain accrual can be used. • How much buydown needed on Forsyth Brand. • CAM/SAM handle through chain headquarter if possible.	• Division mgmt/Rep must be aware of member stores and brand. • If competitive action/RJR action are in competing stores, buydown on Forsyth Brand should occur by Sales Rep.	• Same as Gro. Whse.
Competitors have started to promote their product in a full partners retail location.	• Should not occur if chain has been listed as a "Full Partner". • Competitive promotion should not place Forsyth Brand at a disadvantage nor should the program have a long duration. • Field Sales should notify management responsible.	• If Retail Outlet receives competitive product from our "Partner", management responsible for the partner account should discuss situation. • If competitive product is supplied by a competing wholesaler, we should protect our partner with appropriate buydown on P.L.	• Same as Gro. Whse.

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4/18/94

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

FORSYTH TOBACCO ALLIANCE

NOTES

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Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000

Forsyth Alliance Program

The Forsyth Alliance Program has been developed to allow our Forsyth Private Label customers and RJR to jointly increase awareness, sales and profits of our Private Label brands. The program is designed to allow each of our customers, working with RJR, the flexibility to develop their own promotional programs, utilizing monies accrued from sales of Private Label products.

Monies accrued the second quarter of 1994 will be available for use beginning third quarter 1994. RJR Managers responsible for eligible Forsyth accounts, working with Forsyth personnel, will continue to be responsible for selling, administering and monitoring the program.

51850 5307

Source: https://www.industrydocuments.ucsf.edu/docs/mpby0000